



FINANCIAL STATEMENT DISCUSSION & ANALYSIS

2022–2023

Table of Contents

Introduction 3

District Overview..... 3

Strategic Plan 4

A Year in Review 2022–2023 5

Financial Statement Overview 8

Financial Overview 9

Financial Analysis 11

 Statement of Financial Position—Statement 1..... 11

 Statement of Operations—Statement 2..... 17

Future Financial Stability 30

Contacting the School District’s Financial Management 32

Introduction

This report is a discussion and analysis of the financial results for the fiscal year ended June 30, 2023 for the Greater Victoria School District (the “District”). It is a summary of the District’s financial activities based on currently known facts, decisions, and conditions. The financial results are discussed in comparison with the financial results for the fiscal year ended June 30, 2022 and the annual budget for 2022-2023. This report should be read in conjunction with the District’s 2022-2023 audited financial statements.

District Overview

The District resides on the traditional territory of the lək̓ʷəŋən (Lekwungen) people. We would like to acknowledge the Songhees First Nation and the Esquimalt First Nation on whose traditional territories we live, work and play.

The District is committed to supporting Indigenous learners by promoting practices informed by Indigenous perspectives and ways of knowing. Partnerships with local Indigenous communities are formalized through the education agreements with the Songhees First Nation, Esquimalt First Nation, Métis Nation Greater Victoria (MNGV) and the Urban Peoples’ House Indigenous Advisory (UPHIA), collectively known as the Four Houses.

The term Four Houses refers to the localized structure co-created with the Indigenous communities to provide equitable opportunities and structure for Indigenous Nations to have a voice within the District. We are committed to a distinctions-based approach as outlined by the Declaration on the Rights of Indigenous Peoples Act Action Plan.

The District is located in the capital city of British Columbia, which includes the municipalities of Esquimalt, Oak Bay, Victoria, View Royal and a portion of Saanich and Highlands. We provide quality educational programs for 19,544 students at 49 schools. Additionally, we offer a variety of Programs of Choice, including French Immersion, Sport Academies, and Challenge and Leadership programs, and programming opportunities for students with disabilities or diverse abilities at Victor School, Arbutus Global Middle School, and Reynolds High School.

Strategic Plan

The 2020-2025 Strategic Plan guides the District's work and helps to align resources to support the initiatives needed to achieve its goals. Budget and financial planning are aligned to strategic goals and strategies.



Mission

We nurture each student's learning and well-being in a safe, responsive and inclusive learning community.



Vision

Each student within our world-class learning community has an opportunity to fulfill their potential and pursue their aspirations.

Goal 1

Create an inclusive and culturally responsive learning environment that will support and improve all learners' personal and academic success.

Strategy 1:

Develop and support high quality learning opportunities through the implementation of curriculum in order to improve student achievement.

Strategy 2:

Engage and collaborate with students, families and staff to provide an inclusive learning environment that will enhance and support student learning, identities and well-being.

Strategy 3:

Address the inequity of outcomes for diverse learners in literacy, numeracy, engagement and completion rates.

Goal 2

Create a culturally responsive learning environment that will support Indigenous learners' personal and academic success.

Strategy 1:

Critically examine personal and systemic biases, attitudes, beliefs, values and practices to increase student and staff understanding and appreciation of Indigenous worldviews, histories and perspectives.

Strategy 2:

Engage and collaborate with local Nations, Indigenous educators, Indigenous community leaders, Elders and families to enhance Indigenous student learning and well-being and identity.

Strategy 3:

Address the inequity of outcomes for Indigenous learners in literacy, numeracy, attendance and graduation rates.

Goal 3

Create an inclusive and culturally responsive learning environment that will support all learners' physical and mental well-being.

Strategy 1:

Continue to provide professional learning opportunities to all staff in K-12 to further support implementation of social emotional learning, physical literacy and mental health literacy that improves outcomes for students and classrooms.

Strategy 2:

Work in collaboration with Ministry of Children & Family Development to provide joint educational planning and support for children and youth in care that helps develop the child's personality, talents and mental and physical abilities to the fullest for current and future success.

Strategy 3:

Engage and collaborate with families to encourage awareness of and engagement in physical literacy and mental health literacy that improves outcomes for students in classrooms and at home.

Strategy 4:

Address the inequity of opportunity for all learners to maximize physical health and mental well-being.

Core Values

Engagement

We work to actively engage students in their education and make them feel connected to their learning

Equity

We give each student the opportunity to fulfill their potential

Innovation

We are innovative and consistently seek ways to make positive change

Integrity

We are ethical and fair

Transparency

We are accountable for the decisions we make and how we make them

Partnerships

We create open and respectful partnerships with each member of our learning community

Respect

We respect ourselves, others and the environment

Social Responsibility

We share responsibility to work with and inspire students to create a better world

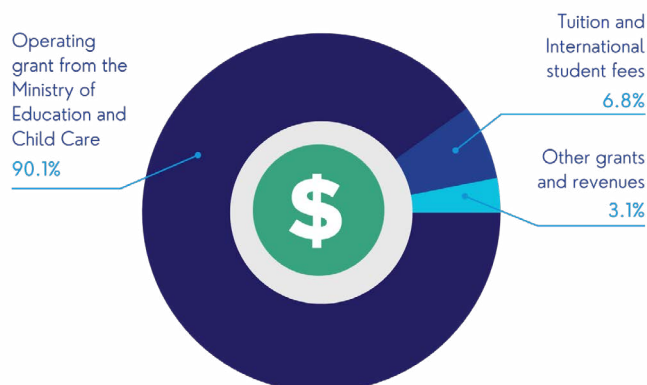
Sustainability

We are proactive in the stewardship of the resources of our organization, our community and our planet

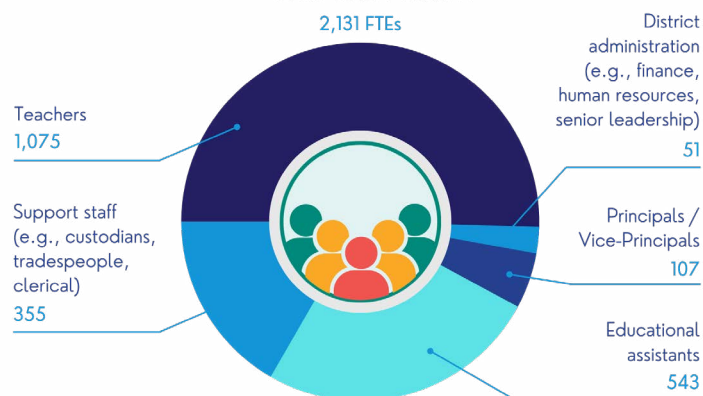
A Year in Review 2022–2023

Operating Fund

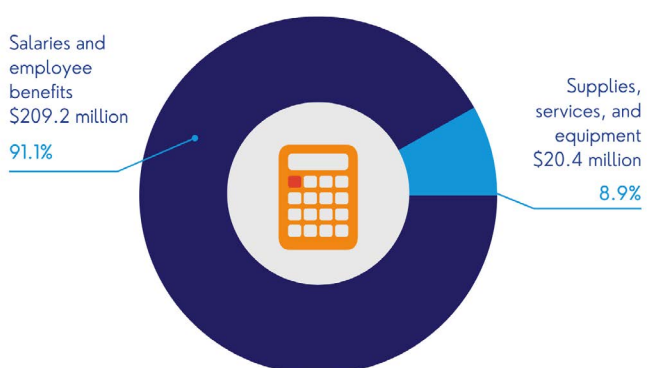
Where the money comes from (revenues)



Our staff team



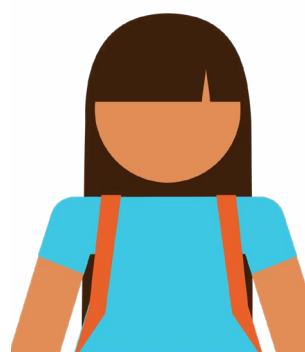
Where the money goes (expenditures)



Our student population = 20,941



How each dollar is spent



One student

= \$10,964

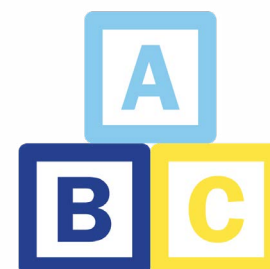
total spent

A Year in Review 2022–2023

Our Departments

Early Learning and Child Care

- 4,566 children registered for StrongStart
- 2,300+ children attending child care on school grounds
- 272 teachers & ECEs participated in early years professional learning
- 11 ECEs work alongside Kindergarten teachers in priority schools
- 24 new child care studios in progress
- 16 new child care studios in operation



Sexual Orientations and Gender Identities (SOGI)

Participation from Trustees, Staff, Parents and Students in Victoria Pride Parade

20% increase in number of schools that have an active GSA or Rainbow Club from previous year



French Immersion (FRIM)

- 3,856 students enrolled
- 426 views on new “Welcome to K FRIM” video
- 85+ staff participated in French Congress/Conference
- 24 teachers participated in early literacy professional learning
- 16 teachers joined focused group to strengthen oral language in classrooms

Inclusive Education

- 186 staff trained in non-violent crisis intervention
- 17 middle and secondary school students contributed to first anti-racism student forum
- All schools implementing competency-based IEPs and increasing student and family voice in planning process



Mental Health and Well-Being

35,000 views of monthly parent mental health & wellness SNAPSHOT newsletter

29 elementary and 10 middle schools with social emotional programming

All grade 6 & 7 students participating in physical literacy programming

All high schools with Physical and Health Education (PHE) resources and supports

Student Voice

Representatives from all high school and middle schools participated in our Budget Symposium

Representatives from all high school and middle schools participated in our Anti-Racism Student Forum

Monthly meetings with representatives from all high schools as part of our Representative Advisory Council of Students

A Year in Review 2022–2023

Our Departments

Indigenous Education

- 1,504 self-identified Indigenous students
- 1,400+ participants at 2nd Annual Indigenous Storytelling Festival
- 1,100 participants at 5-part Culturally Responsive Learning Series
- 11 Indigenous plant gardens supported
- 4 agreements with the 4 Houses and Elders Advisory Council
- 1 Hosted first South Island Gr. 12 Indigenous Student Retreat



English Language Learners (ELL) and Welcome & Learning Centre

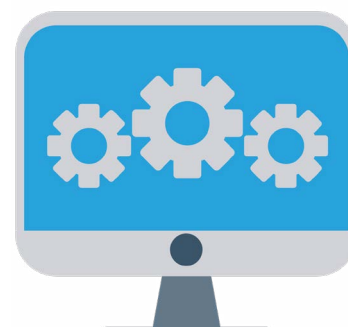
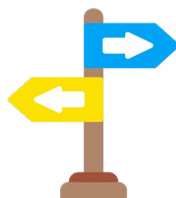
- 2,111 ELL students
- 120 newcomer families to Canada and District supported through new Welcome & Learning Centre
- 8 professional learning sessions offered to K-12 ELL teachers
- 4 partnerships with non-profit community organizations to support newcomers

Information Technology for Learning

- 10,000 spam, phishing and malware messages blocked per week
- 2,500+ new computers and mobile devices for students and staff
- 400+ teachers created digital portfolios for students using the District's new portfolio solution

Pathways and Partnerships

- 7,800 K-8 students participated in hands-on, career-focused learning opportunities
- 900+ career-related courses taken by secondary students in post-secondary and industry
- 56 \$1,000 Youth Apprenticeship Awards given to students
- 91% successful completion for students who took a dual credit, career-related, course or program
- 87% Grade 12 students participated in 1 or more career-related activities through school career centre
- 73% Grade 12 students plan to attend college or university after high school



Financial Statement Overview

The financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards with some exceptions as reported in Note 2 of the financial statements.

The financial statements are comprised of audited statements and notes to the financial statements, as well as unaudited schedules which support the information presented in the audited statements. Statements 1 to 5 show the financial results for the District on a consolidated basis for the operating, special purpose and capital funds (Statement 3 Remeasurement Gains and Losses does not apply to our District). Schedules 2 to 4 report the financial information for each of the funds and are explained below:

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

OPERATING

Includes revenues and expenses related to the daily operation of the District, including school and administrative functions, facilities operations and transportation. Any surplus at year end is carried forward to future years.

SPECIAL PURPOSE

Includes restricted grants and other funding subject to a legislative or contractual restriction on its use. Revenues are recognized as expenditures are incurred. Any funds received in excess of expenditures are recorded as deferred revenue, not as surplus.

CAPITAL

Includes financial activities for tangible capital assets, including sites, buildings, furniture & equipment, vehicles, computer hardware and software funded from Ministry of Education and Child Care capital grants, local capital, operating and special purpose funds.

On July 1, 2022, the District adopted Canadian public sector accounting standard PS3280 Asset Retirement Obligations. This standard was adopted using the modified retroactive approach, which resulted in the restatement of the comparative information as at and for the year ended June 30, 2022.

The impact of the prior period adjustment on the June 30, 2022 comparative amounts is as follows:

	Increase (Decrease)
Tangible Capital Assets—cost	\$ 22,058,068
Tangible Capital Assets—accumulated amortization	22,052,506
Asset Retirement Obligation	22,081,468
Accumulated Surplus, July 1, 2021	(22,075,906)
Amortization Expense	434
Accumulated surplus, June 30, 2022	\$ (22,076,340)

Financial Overview

As reported in the consolidated statement of operations (Statement 2), the District's expenses exceeded its revenues, resulting in a deficit for the year of \$0.4 million compared to \$0.4 million in the annual budget and \$3.5 million in the prior year.

	2023 Budget	2023 Actual	2022 Actual
Revenues	\$ 265,389,622	\$ 281,399,206	\$ 264,938,220
Expenses	(265,749,134)	(281,813,228)	(268,419,705)
Surplus (Deficit) for the year	(359,512)	(414,022)	(3,481,485)
Operating Surplus (Deficit) including Interfund Transfers	(2,300,000)	(1,376,963)	(4,974,118)
Special Purpose Surplus (Deficit) including Interfund Transfers	-	-	-
Capital Surplus (Deficit) including Interfund Transfers	1,940,488	962,941	1,493,067
Surplus (Deficit) for the year	\$ (359,512)	\$ (414,022)	\$ (3,481,485)

In March 2023, a budget spending freeze on discretionary or non-essential purchases in the operating fund was announced, as well as a one-time reduction in the maximum amount of unspent 2022-2023 operating budget that schools were allowed to carry forward to 2023-2024. These efforts were made to help balance the 2023-2024 annual budget and minimize reductions, particularly ones that impacted people. The efforts were successful, and sufficient savings were generated to enable the Board to carry forward \$2.1 million towards the 2023-2024 annual budget and add \$71 thousand to the Unrestricted Operating Surplus (Contingency).

Ministry funded enrolment in 2022-2023, including September, February and May counts, saw an increase of 203.656 FTE compared to 2021-2022 and 176.387 FTE compared to the annual budget. International enrolment, however, has not fully recovered from the impacts of the COVID-19 pandemic. In 2022-2023, there were 878 FTE compared to 915 FTE in the prior year and 925 FTE in the annual budget.

The District received new sources of revenue in 2022-2023, including funding from municipalities for crossing guards, donations to support the Elementary strings program and funds from the Greater Victoria Teachers' Association to fund teacher salaries. Additionally, as interest rates in Canada rose, the District received a significant increase in investment income. Following the ratification of the collective agreements, the District received labour settlement funding. These funds were provided as a separate grant outside of the operating grant.

The District received two new Special Purpose grants in 2022-2023. The Student and Family Affordability Fund was announced in August 2022 and was provided to school districts to increase food security for students and their families, and to support students, parents, and guardians with affordability concerns. The Early Care and Learning (ECL) funding was provided to school districts to help the Ministry in its efforts to establish an integrated early learning and child care system. Districts have been asked to complete an environmental scan of existing early learning and child care on school grounds and engage more deeply in early learning and child care work.

The District acquired tangible capital assets, including work in progress, totaling \$48.5 million. Significant additions included continued work on the Victoria High School and Cedar Hill seismic projects, purchase of four new electric busses, technology and infrastructure upgrades and new child care builds.

Financial Analysis

Statement of Financial Position—Statement 1

The Statement of Financial Position is a consolidation of all funds – Operating, Special Purpose and Capital. It summarizes the assets, liabilities and accumulated surplus (deficit). The following table provides a comparative analysis of the District's net financial position for fiscal years ending June 30, 2023 and June 30, 2022.

	2023	2022	\$ Change	% Change
Financial Assets				
Cash and Cash Equivalents	\$63,601,347	\$66,075,808	\$(2,474,461)	-4%
Accounts Receivable	4,938,067	4,562,734	375,333	8%
Portfolio Investments	499,772	499,715	57	0%
Total Financial Assets	69,039,186	71,138,257	(2,099,071)	-3%
Liabilities				
Accounts Payable and Accrued Liabilities	36,721,598	34,580,499	2,141,099	6%
Unearned Revenue	12,790,769	11,497,069	1,293,700	11%
Deferred Revenue	6,754,367	7,532,465	(778,098)	-10%
Deferred Capital Revenue	278,523,632	246,275,116	32,248,516	13%
Employee Future Benefits	3,175,784	3,073,254	102,530	3%
Asset Retirement Obligation	22,081,468	22,081,468	-	0%
Total Liabilities	360,047,618	325,039,871	35,007,747	11%
Net Debt	(291,008,432)	(253,901,614)	(37,106,818)	15%
Non-Financial Assets				
Tangible Capital Assets	323,971,642	287,361,945	36,609,697	13%
Prepaid Expenses	958,351	875,252	83,099	9%
Total Non-Financial Assets	324,929,993	288,237,197	36,692,796	13%
Accumulated Surplus (Deficit)	\$33,921,561	\$34,335,583	\$ (414,022)	-1%

Cash

Cash and cash equivalents consist of deposits with CIBC and the Provincial Central Deposit Program (CDP). Funds deposited in the CDP are held by the Ministry of Finance and earn interest at the CIBC Prime Rate less 1.5%. Funds held in the CDP are available within forty-eight hours of a withdrawal request.

Cash and cash equivalents balance decreased by \$2.5 million compared to the prior year primarily due to spending of carry forwards in the Operating Fund.

Accounts Payable

Accounts payable has increased by \$2.1 million due to an increase in capital holdbacks related to the Victoria High School seismic project.

Unearned Revenue

Unearned revenue has increased by \$1.3 million as tuition fees for international students increased by 6.7%.

Deferred Revenue

Deferred revenue decreased by \$(0.8) million as the District received \$1.1 million in Federal Safe Return to Schools/ Ventilation Funds at the end 2021-2022. Most of the funds have been spent by June 30, 2023.

Deferred Capital Revenue

Deferred capital revenue is funding received related to capital projects. The change is shown in the table below:

	2023	2022	\$ Change
Deferred Capital Revenue—Opening	\$246,275,116	\$223,573,627	\$22,701,489
Funding received for capital projects	43,286,711	32,963,297	10,323,414
Maintenance expenses (non-capital)	(3,024,892)	(2,359,133)	(665,759)
Insurance claim expense	-	(44,305)	44,305
Amortization of Deferred Capital Revenue	(8,013,303)	(7,858,370)	(154,933)
Closing Deferred Capital Revenue	\$278,523,632	\$246,275,116	\$32,248,516

The majority of funds were received for the Victoria High School seismic project (\$32.3 million) and the Child Care Capital Funding Program for new child care spaces on District property (\$3.8 million).

Asset Retirement Obligation

On July 1, 2022, the District adopted Canadian public sector accounting standard PS3280 Asset Retirement Obligations. This standard was adopted using the modified retroactive approach, which resulted in the restatement of the comparative information as at and for the year ended June 30, 2022. Asset retirement obligations are legal

liabilities 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.

Tangible Capital Assets

Tangible capital assets represent the net balance of tangible capital assets less accumulated amortization. The cost of assets is recognized over their respective expected useful lives through recording of amortization expense. Furniture and equipment, vehicles, and computer hardware and software are all deemed to be disposed of at the end of their useful life, so an entry is made to remove the asset and accumulated amortization from the books once these assets have been fully amortized

Cost	Balance at June 30, 2022	Additions	Deemed Disposals	Transfers (WIP)	Balance at June 30, 2023
Sites	\$ 11,978,240	\$ -	\$ -	\$ -	\$ 11,978,240
Site Improvements	1,700,000	-	-	-	1,700,000
Buildings	408,846,433	67,886	-	2,701,985	411,616,304
Buildings—WIP	52,257,885	41,212,320	-	(2,701,985)	90,768,220
Furniture & Equipment	13,957,259	1,551,301	(291,602)	633,647	15,850,605
Furniture & Equipment—WIP	37,624	1,324,092	-	(633,647)	728,069
Vehicles	1,173,392	1,384,959	(30,025)	-	2,528,326
Computer Software	64,193	-	(64,193)	-	-
Computer Hardware	6,712,578	1,660,524	(1,274,579)	1,259,468	8,357,991
Computer Hardware—WIP	-	1,259,468	-	(1,259,468)	-
Total	\$496,727,604	\$48,460,550	\$(1,660,399)	\$ -	\$ 543,527,755

Accumulated Amortization:	Balance at June 30, 2022	Additions	Deemed Disposals	Transfers (WIP)	Balance at June 30, 2023
Sites	\$ -	\$ -	\$ -	\$ -	\$ -
Site Improvements	935,000	170,000	-	-	1,105,000
Buildings	199,450,754	8,491,899	-	-	207,942,653
Furniture & Equipment	5,272,146	1,490,393	(291,602)	-	6,470,937
Vehicles	543,015	185,086	(30,025)	-	698,076
Computer Software	57,775	6,418	(64,193)	-	-
Computer Hardware	3,106,969	1,507,057	(1,274,579)	-	3,339,447
Total	\$209,365,659	\$11,850,853	\$(1,660,399)	\$ -	\$219,556,113

Tangible capital assets increased by \$36.6 million from the prior year. Capital additions totaling \$48.5 million include \$34.5 million related to Victoria High School seismic project, \$4.1 million in new child care builds funded by the Child Care Capital Funding Program and \$1.7 million related to the Cedar Hill Middle School seismic project.

Special Purpose (\$1.3M)	Operating (\$2.6M)	Local Capital (\$3.9M)	Deferred Capital Revenue (\$40.7M)
Playgrounds (SGF)	Vehicles	Vic High Seismic	Vic High Seismic
Computer technology (SGF)	4 Electric Busses (overage)	Shoreline Classroom	Cedar Hill Seismic
Various equipment (SGF)	Photocopiers	Sundance-Bank	Macaulay Playground
Ventilation systems	Shop Upgrades	Technology Infrastructure	Various AFG projects
	Quadra Wall	Inclusion for Learning	4 Electric Busses
	Technology Infrastructure	Student devices	Child Care Spaces
	Network Infrastructure		Mt. Doug Building Envelope
	Classroom furniture & equipment		Reynolds HVAC Upgrade
	Desktops, monitors, iPads, Chromebooks		Spectrum Energy Upgrade
	Tillicum & Vic West portables		
	Facilities equipment		
	Theatre equipment		

Accumulated Surplus (Deficit)

Board Policy 3170 Operating Surplus outlines a clear, transparent understanding of the reasonable accumulation and planned use of operating surplus and also allows the Board to restrict portions of its operating surplus for future use to address Board priorities.

For the fiscal year ended June 30, 2023, the net change to the total accumulated surplus was a decrease of \$0.4 million, summarized below:

	2023	2022	\$ Change
Constraints on funds	\$ 497,115	\$ 476,914	\$ 20,201
Anticipated unusual expenses	484,234	71,000	413,234
Operations spanning multiple years	5,243,196	6,169,453	(926,257)
Total Internally Restricted Surplus—Operating Fund	6,224,545	6,717,367	(492,822)
Unrestricted Operating Surplus (Contingency)	617,113	1,501,254	(884,141)
Invested in Tangible Capital Assets	26,522,339	22,639,871	3,882,468
Local Capital Surplus	557,564	3,477,091	(2,919,527)
Total Accumulated Surplus	\$33,921,561	\$34,335,583	\$ (414,022)

Anticipated unusual expenses increased by \$0.4 million compared to the prior year due to funds set aside related to a potential arbitration settlement.

Operations spanning multiple years decreased by \$0.9 million due to a one-time reduction in the maximum amount of unspent 2022-2023 operating budget that schools were allowed to carry forward to 2023-2024 and a decrease in purchase order commitments due to a spending freeze in the latter part of 2022-2023.

Unrestricted operating surplus (contingency) decreased by \$0.9 million. At June 30, 2022, the unrestricted operating surplus (contingency) balance was \$1.5 million consisting of \$1.2 million in operations and \$0.3 million in international education funds. During the 2023-2024 budget process, the board approved \$0.6 million of the contingency to be used to balance the annual 2023-2024 budget. During 2022-2023, the \$0.3 million in international education contingency was required to support their operations, which reduced the unrestricted operating surplus (contingency). At June 30, 2023, an additional \$71 thousand of unrestricted operating surplus has been added to the unrestricted operating surplus (contingency), bringing the balance up to \$0.6 million.

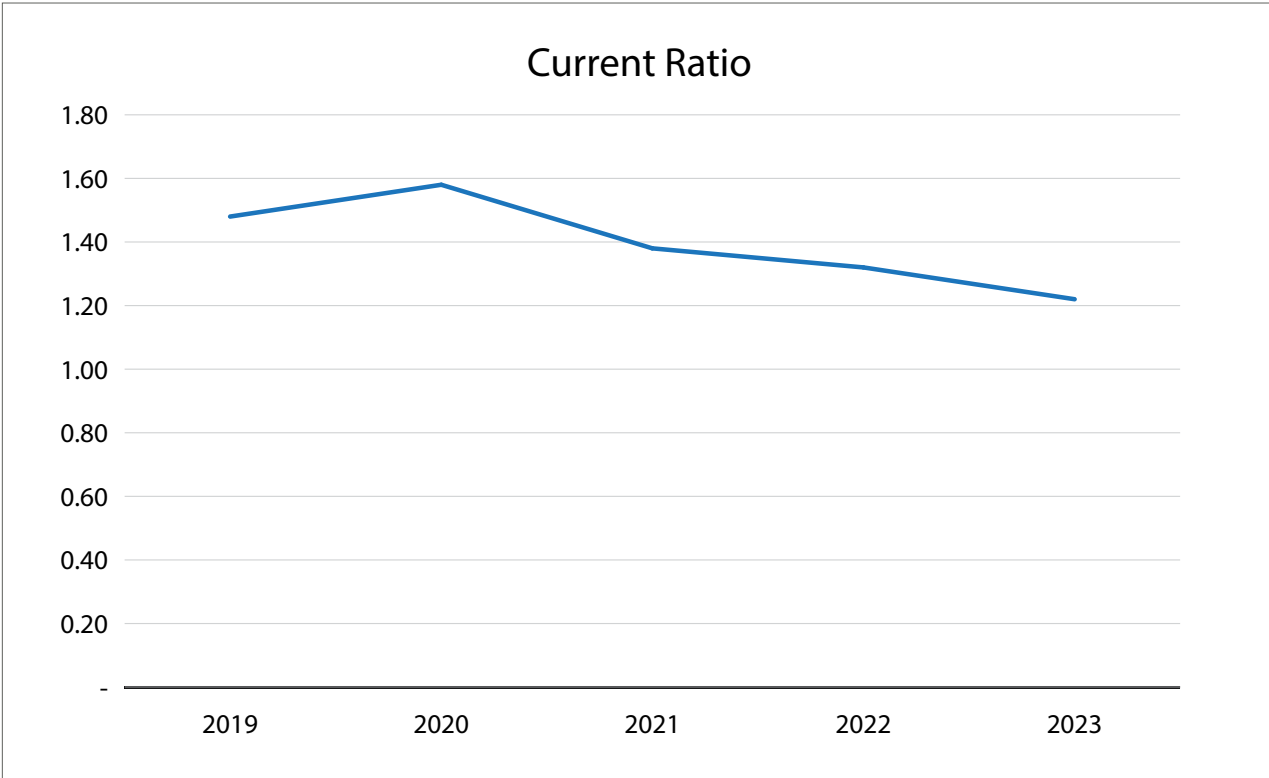
Board Policy 3170 Operating Surplus sets a goal for unrestricted operating surplus (contingency) at 2-4% of the prior year's operating revenue. The purpose of maintaining an unrestricted operating surplus at this level is to support effective planning that includes risk mitigation for emergencies or unexpected increases in expenses and/or decreases in anticipated revenues to continue to provide educational services and maintain regular operations without implementing one-time service cuts.

Per Schedule 2 of the 2022-2023 Financial Statements, operating revenue was \$231 million. The minimum unrestricted operating surplus (contingency) should be \$4.6 million. With a current balance of \$617 thousand, the District will need to consider how to address future operating deficits while increasing the contingency by \$4.0 million over the coming years.

Analysis of Financial Health

Net Debt is a term unique to public sector financial reporting. It is reported in the Statement of Financial Position and represents the difference between the District’s financial assets and total liabilities at a point in time. At June 30, 2023, the District was in a net debt position, which means that future revenues must be generated to cover the cost of past transactions and events. The future amortization of Deferred Capital and Tangible Capital Assets will be used to fund the net debt position in the future. However, as the District continues to invest in tangible capital assets, net debt will continue to increase. Net debt increased by \$37 million compared to 2021-2022 as a result of the acquisition of tangible capital assets, partially offset by amortization of tangible capital assets.

The **current ratio** measures the ability to pay short-term obligations. A ratio greater than 1 means that sufficient current assets are on hand to meet current liabilities. In 2022-2023, the current ratio was 1.22 compared to 1.32 in 2021-2022.



Statement of Operations—Statement 2

Statement 2, the Statement of Operations, includes the revenues and expenditures for all three funds, Operating, Special Purpose and Capital. Each fund will be analyzed separately.

Operating Fund Analysis

Student Enrolment

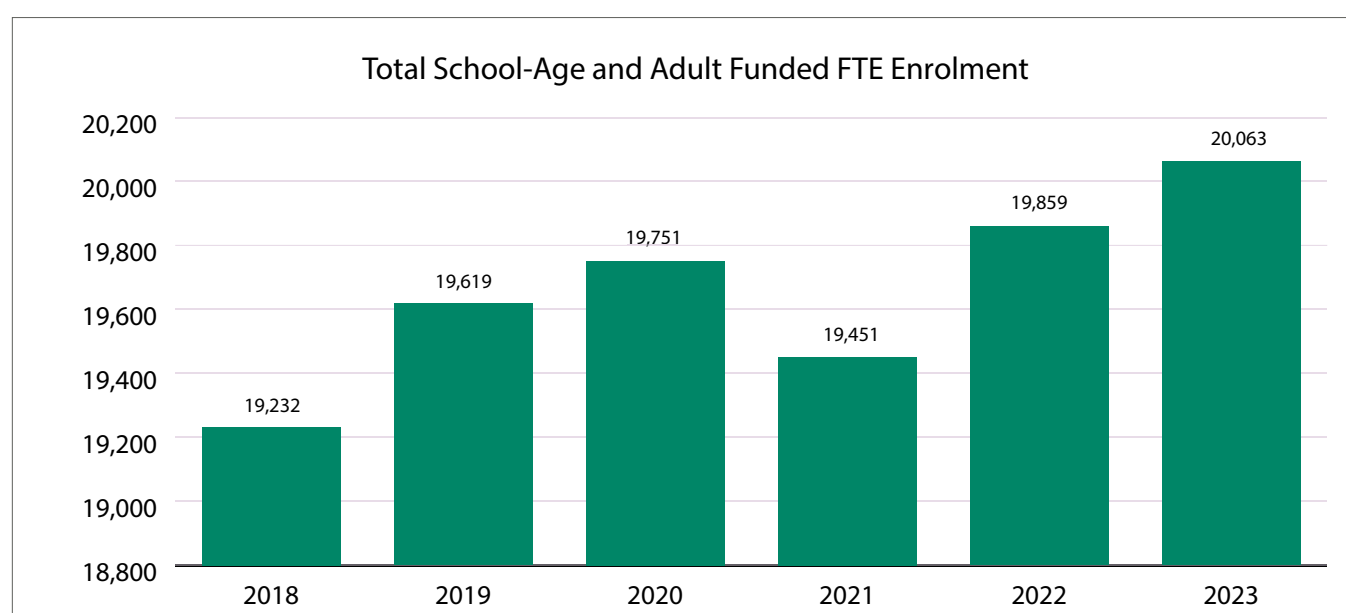
Ministry Funded

The operations of the District are primarily funded by the operating grant from the Ministry of Education and Child Care. The grant is based on student enrolment and is funded on a per FTE (full-time equivalent) basis. Students in grades kindergarten through nine are funded as 1.0 FTE and students in grades ten through twelve are funded based on the number of courses they take; eight courses equals 1.0 FTE.

Student enrolment in 2022-2023, including September, February and May counts, saw an increase of 203.656 FTE compared to 2021-2022 and 176.387 FTE compared to the annual budget.

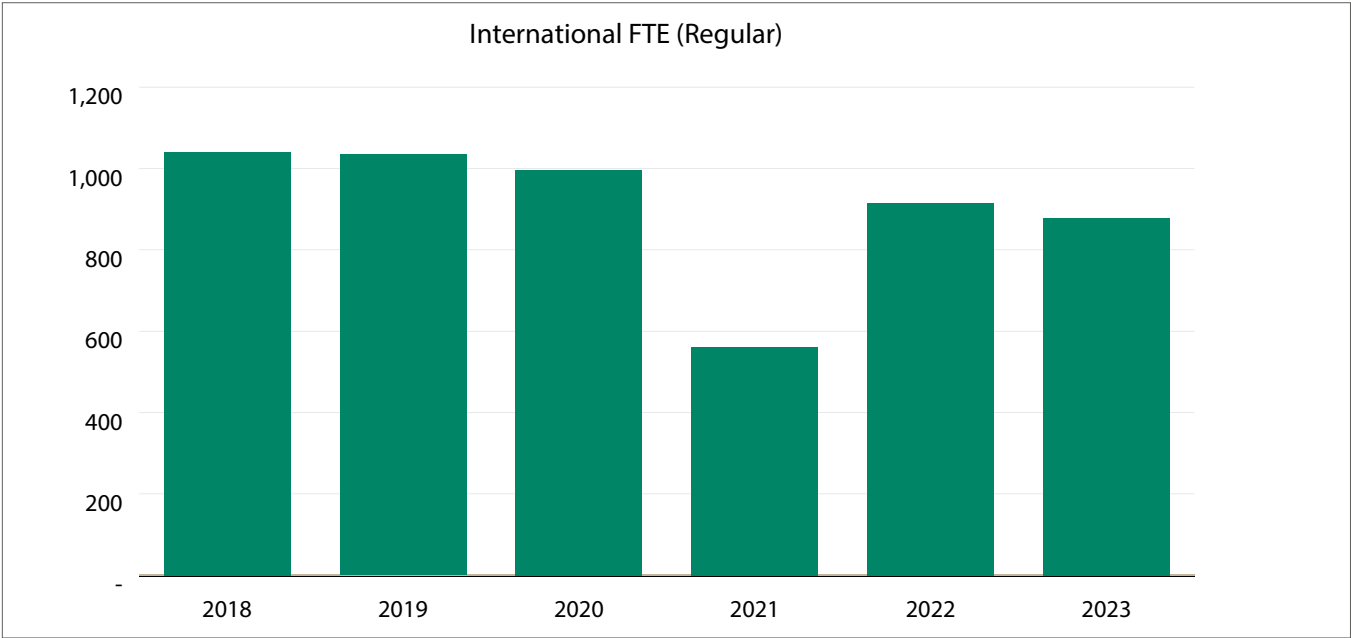
	2023 Actual	2023 Budget	2022 Actual	Actual to Prior Year	Actual to Budget
School Age	20,035.128	19,861.887	19,836.285	198.843	173.241
Adult	27.875	24.729	23.063	4.813	3.146
Total FTE	20,063.003	19,886.616	19,859.347	203.656	176.387

The graph below illustrates the District's annual FTE enrolment since 2017-2018. Enrolment levels dropped in 2020-2021 due to the COVID-19 Pandemic; however, they have since fully recovered.



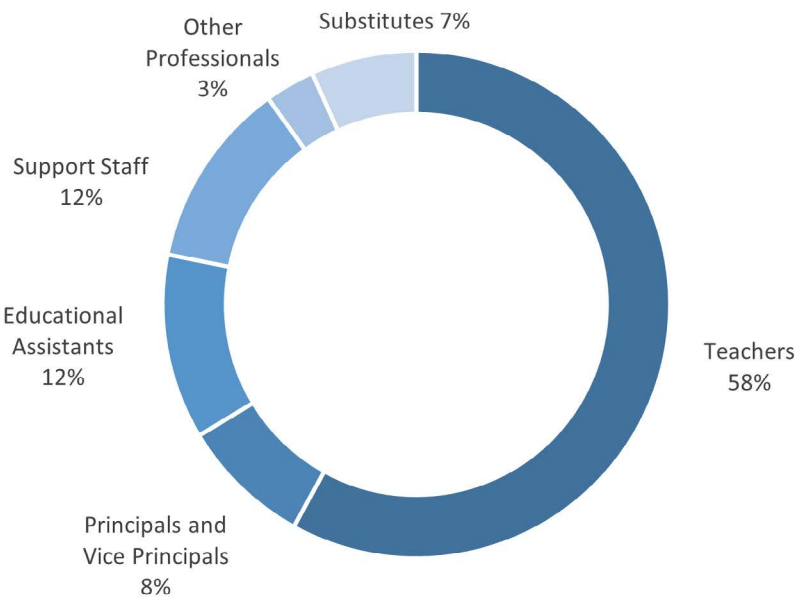
International

International enrolment has not fully recovered from the impacts of the COVID-19 pandemic. In 2022-2023, there were 878 FTE compared to 915 FTE in the prior year and 925 FTE in the annual budget.

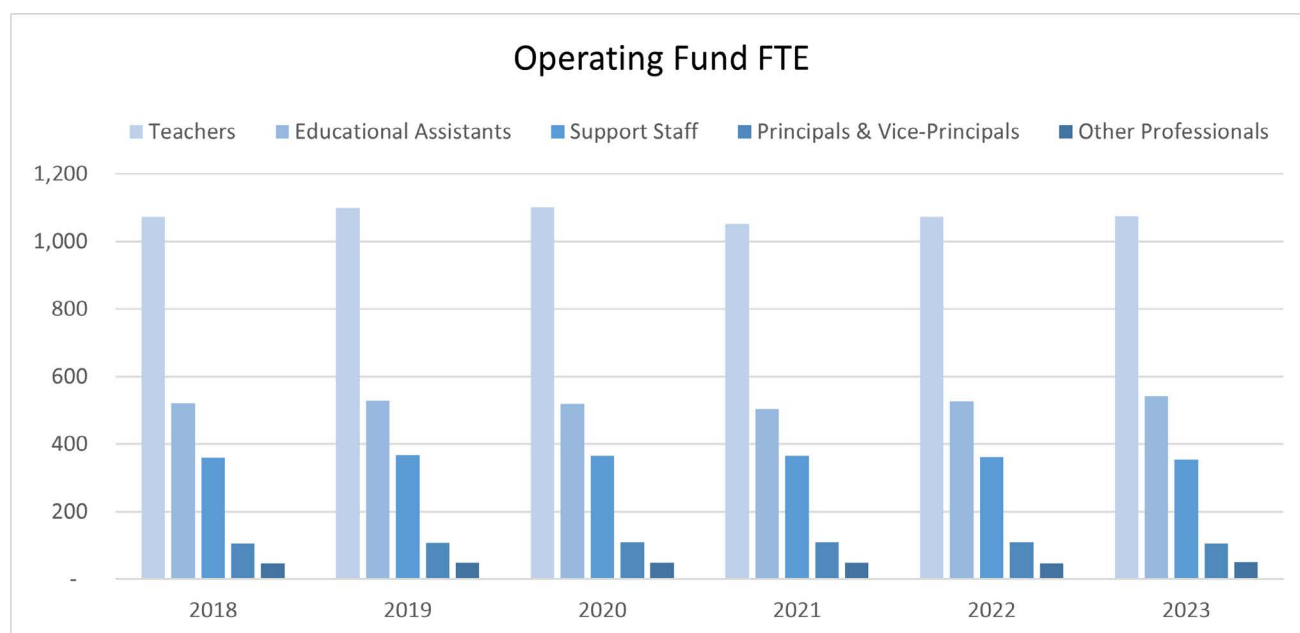


Staffing

Salaries and benefits account for 91% of the expenses within the Operating Fund. Ministry funded and international student enrolment directly impacts the number of school-based staff.



In 2022-2023, 2,131.00 FTE employees were paid for out of the Operating Fund compared to 2,121.12 in 2021-2022. These figures do not include employees paid for from Special Purpose Funds, e.g. Classroom Enhancement Funds, or Capital Funds. Staffing has remained consistent over the last five years, with slight decreases in 2019-2020 and 2020-2021 due to the COVID-19 pandemic.



Operating Revenue

Approximately 90% of the District's operating revenue is derived from the operating grant, 7% from international education tuition and the remaining 3% is from other Provincial grants, other revenue, rentals and leases and investment income. Schedule 2A in the financial statements provides further detail by type of revenue.

	2023 Budget	2023 Actual	2022 Actual	Actual to Budget	Actual to Prior Year
Revenues					
Ministry of Education and Child Care	\$196,795,611	\$207,997,634	\$197,056,412	\$11,202,023	\$10,941,222
Other Provincial Grants	287,750	281,178	349,275	(6,572)	(68,097)
Tuition	15,107,619	14,648,427	15,070,357	(459,192)	(421,930)
Other Revenue	2,064,461	3,328,344	2,296,648	1,263,883	1,031,696
Rentals and Leases	2,696,572	2,744,288	2,519,825	47,716	224,463
Investment Income	368,760	1,795,194	475,034	1,426,434	1,320,160
Total Revenue	\$217,320,773	\$230,795,065	\$217,767,551	\$13,474,292	\$13,027,514

Significant variances in operating revenue are highlighted below:

Ministry of Education and Child Care

The operating grant has increased by \$11.2 million compared to the annual budget and \$10.9 million to the prior year due to the following:

- September, February and May school-age and adult enrolment increased by 176.387 FTE compared to the annual budget, resulting in an increase of \$1.4 million. Enrolment has increased by 204.0 FTE compared to the prior year.
- Funding for unique student needs increased by \$1.9 million compared to the annual budget including an increase in English Language Learning by \$0.4 million and an increase in Special Education by \$1.4 million. Enrolment has increased by \$1.5 million compared to the prior year.
- The Supplement for Salary Differential decreased by \$0.3 million compared to the annual budget and the prior year due to the District having a lower average teacher salary than the Provincial average relative to the prior year.
- The District received \$8.1 million in Labour Settlement Funding to fund wage increases for teachers, excluded/exempt, support staff and teacher benefit enhancements. As funding for these increases was announced subsequent to the announcement of the operating grant, these increases were funded through a separate Labour Settlement Funding grant.

Tuition

Tuition has decreased by \$0.5 million compared to the annual budget and \$0.4 million compared to the prior year as a result of fewer international students than expected. Actual international FTE attending long-term academic programs was 878 FTE compared to 915 FTE in the prior year and 925 FTE in the annual budget.

Other Revenue

Other revenue increased by \$1.2 million compared to the annual budget and \$1.0 million compared to the prior year due to the following:

- The District received \$0.3 million in crossing guard funding from municipalities; the funding was new for 2022-2023 and was not included in the annual budget.
- The Greater Victoria Teachers' Association returned \$0.4 million from the 2019-2020 Unused Remedy Agreement, which was used to fund teacher salaries in the current year. This was a one-time source of revenue.
- The District received \$0.2 million in donations in support of the Elementary strings program.
- International Education revenues (non-tuition) increased by \$0.6 million compared to the annual budget and \$0.3 million compared to the prior year due to an increase in miscellaneous fees.

- Investment income increased by \$1.4 million compared to the annual budget and \$1.3 million compared to the prior year. Interest earned on the funds held in the CDP program increased from 2.2% in July 2022 to 5.45% in June 2023.

Operating Expenses

Approximately 91% of the District's expenses are salary and benefit costs. Schedules 2B and 2C provide detailed information about the operating expenses.

	2023 Budget	2023 Actual	2022 Actual	Actual to Budget	Actual to Prior Year
Salaries					
Teachers	\$96,707,978	\$98,805,851	\$94,940,648	\$2,097,873	\$3,865,203
Principals and Vice Principals	13,921,381	14,198,011	14,297,258	276,630	(99,247)
Educational Assistants	19,746,848	20,096,490	18,601,555	349,642	1,494,935
Support Staff	18,979,392	20,284,062	19,092,704	1,304,670	1,191,358
Other Professionals	4,830,042	5,417,569	5,093,299	587,527	324,270
Substitutes	8,675,067	11,481,082	11,140,179	2,806,015	340,903
Total Salaries	162,860,708	170,283,065	163,165,643	7,422,357	7,117,422
Employee Benefits					
	37,928,774	38,898,112	36,977,340	969,338	1,920,772
Services and Supplies					
Services	7,106,116	8,415,076	9,158,014	1,308,960	(742,938)
Student Transportation	901,500	929,735	877,741	28,235	51,994
Professional Development and Travel	881,322	910,932	682,992	29,610	227,940
Rentals and Leases	109,851	70,996	109,850	(38,855)	(38,854)
Dues and Fees	109,831	115,234	121,279	5,403	(6,045)
Insurance	427,403	482,392	474,094	54,989	8,298
Supplies	5,285,907	5,506,862	6,376,005	220,955	(869,143)
Utilities	4,009,361	3,993,504	4,163,454	(15,857)	(169,950)
Total Services and Supplies	18,831,291	20,424,731	21,963,429	1,593,440	(1,538,698)
Total Operating Expense	\$219,620,773	\$229,605,908	\$222,106,412	\$9,985,135	\$7,499,496

Significant variances in operating expenses are highlighted below:

Teachers

Teacher salaries increased due to \$427 being added to each step of the salary grid plus an additional 3.24% general wage increase effective July 1, 2022. These increases were not built into the annual budget. Teacher salaries increased from the prior year due to higher enrolment in 2022-2023.

Principals and Vice-Principals

Principals and Vice-Principals salaries increased due to step increments and wage increases. These increases were not built into the annual budget. Salaries are down from the prior year due to a reduction of FTE in the annual budget.

Educational Assistants

Educational Assistants salaries increased as a result of increased Inclusive Learning enrolment, a \$0.25 per hour wage increase plus an additional 3.24% general wage increase, the addition of crossing guard hours, less an adjustment to account for unfilled vacancies.

Support Staff

Support Staff increased as a result of a \$0.25 per hour wage increase plus an additional 3.24% general wage increase, local bargaining increases in allowances and shift differentials, an addition of \$0.21 million in custodial time, and salary grid increases for some CUPE 947 positions as a result of the Joint Job Evaluation Committee's review.

Other Professionals

Other Professionals increased due to step increments and wage increases, plus one-time labour relation costs.

Substitutes

Substitutes salaries increased due to an increase in the average number of daily absences per teacher. Additionally, \$427 was added to each step of the salary grid plus an additional 3.24% general wage increase.

Employee Benefits

Employee benefits increased due to wage-sensitive benefits being calculated on the increase in overall salaries. Additionally, employee benefits further increased from the prior year due to rate increases for Canada Pension Plan, Employment Insurance, extended health and dental, and WorkSafeBC.

Services

Services increased \$1.3 million compared to the annual budget due to an increase in legal costs, reallocation of department and school-based budgets to reflect current year spending plans, and schools and departments spending budget carry forwards. Services decreased by \$0.7 million compared to the prior year due to one-time hold back funding being used for service contracts for Songhees and Esquimalt Nations in the prior year and reduced legal costs in 2022-2023.

Professional Development and Travel

Professional Development and Travel increased from the prior year as international travel restrictions eased and in-person professional development opportunities became available. Most of the increase can be attributed to increased travel by International Education for the recruitment of international students, travel to New Zealand by the Indigenous Education Department, and a literacy summer institute for teachers.

Supplies

Supplies increased by \$0.2 million compared to the annual budget as a result of departments and schools spending budget carry forwards. Supplies decreased by \$0.9 million compared to the prior year as a result of a spending freeze in the latter part of 2022-2023.

Special Purpose Fund Analysis

Special Purpose Funds are presented in Schedules 3 and 3A of the financial statements. Any revenues received in excess of the expenses are recorded as deferred revenue, rather than surplus. The following table shows revenues and related expenses for the year ended June 30, 2023:

	2023 Budget	2023 Actual	2022 Actual	Actual to Budget	Actual to Prior Year
Revenues					
Ministry of Education and Child Care	\$26,173,312	\$31,638,866	\$27,593,355	\$5,465,554	\$4,045,511
Other Revenue	6,000,000	6,624,643	4,933,338	624,643	1,691,305
Investment Income	65,620	248,419	68,509	182,799	179,910
Total Revenue	32,238,932	38,511,928	32,595,202	6,272,996	5,916,726
Expenses					
Instruction	31,424,881	36,433,312	31,340,238	5,008,431	5,093,074
Operations and Maintenance	814,051	831,077	796,185	17,026	34,892
Total Expenses	32,238,932	37,264,389	32,136,423	5,025,457	5,127,966
Surplus for the year	-	1,247,539	458,779	1,247,539	788,760
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	-	(1,247,539)	(458,779)	(1,247,539)	(788,760)
Total Net Transfers	-	(1,247,539)	(458,779)	(1,247,539)	(788,760)
Total Surplus (Deficit) for the year	\$ -	\$ -	\$ -	\$ -	\$ -

Significant variances in Special Purpose Revenues and Expenses are highlighted below:

Ministry of Education and Child Care Revenue and Instruction Expense

Ministry of Education and Child Care Revenue increased by \$4.0 million compared to the prior year and \$5.5 million compared to the annual budget as a result of the following:

- The Classroom Enhancement Fund increased by \$3.25 million as remedies grants are not confirmed by the Ministry until after September 30 so were not included in the annual budget. Additionally, the District received \$0.8 million in labour settlement funding in 2022-2023.
- The Student and Family Affordability Fund was a new grant in 2022-2023 and the funds were received after preparation of the annual budget. The total funds received were \$1.8 million, of which \$1.5 million was spent by June 30, 2023.
- The First Nation Student Transportation, Mental Health in Schools, Changing Results for Young Children and SEY2KT grants were confirmed subsequent to the preparation of the annual budget.
- The Early Childhood Education Dual Credit Program funds were received after preparation of the annual budget. A partnership was formed between Camosun College, School Districts No. 63, No. 62 and No. 64 to assist in the development and administration of an early childhood education dual credit program.
- The ELC Early Care & Learning funds of \$0.2 million were new in 2022-2023 and were announced subsequent to the preparation of the annual budget.

Other Revenue and Instruction Expense

Other revenue increased by \$0.6 million compared to the annual budget and \$1.7 million compared to the prior year due to the full return of school activities post COVID-19, including field trips and school events.

The following table shows revenues and expenditures by fund, as well as a description of the fund's purpose:

Fund Name	Source	Purpose of Fund	Opening Balance	Received in the Year	Spent During the Year	Returned to the Ministry	Closing Balance
Annual Facility Grant	Ministry of Education and Child Care and Investment Income	Projects required to maintain facility assets through their anticipated economic life and to prevent premature deterioration of these assets	\$ -	\$ 831,077	\$ (831,077)	\$ -	\$ -
Learning Improvement Fund	Ministry of Education and Child Care	Funding to augment Education Assistants' hours to provide additional supports to priority students	-	687,085	(687,085)	-	-
Scholarships and Bursaries	Other and Investment Income	Collected from donors and awarded to students within the District	709,510	80,213	(41,482)	-	748,241
Special Education Technology (Provincial Resource Program)	Ministry of Education and Child Care	Outreach program hosted by SD39 that provides services to support students who require specialized technology	68,215	131,824	(126,990)	(66,169)	6,880
School Generated Funds (SGF)	Other and Investment Income	School-based funds obtained through fundraising activities, student fees or donations; held at the school level for use by the school	4,198,380	6,970,029	(6,807,373)	-	4,361,036
StrongStart	Ministry of Education and Child Care	Funding to support six early learning drop-in programs for children ages 0 to 5	13,961	192,000	(201,363)	-	4,598

Fund Name	Source	Purpose of Fund	Opening Balance	Received in the Year	Spent During the Year	Returned to the Ministry	Closing Balance
Ready, Set, Learn	Ministry of Education and Child Care	Events for 3- to 5-year-olds and parents/guardians to support and facilitate smooth transition to kindergarten	38,267	68,600	(29,492)	-	77,375
OLEP (Federal French)	Ministry of Education and Child Care	Core French and French Immersion language programs and curriculum resources	17,873	520,497	(534,109)	-	4,261
CommunityLINK	Ministry of Education and Child Care	Funding to support the academic achievement and social functioning of vulnerable students	358,325	4,073,107	(4,139,371)	-	292,061
Classroom Enhancement Fund—Overhead, Staffing and Remedies	Ministry of Education and Child Care	Teacher staffing and overhead costs from the restoration of class size and composition teacher collective agreement language in 2017	773,006	21,411,124	(20,888,045)	(773,006)	523,079
First Nation Student Transportation	Ministry of Education and Child Care	Funding to support Indigenous students' transportation to school and extra-curricular activities	27,187	69,571	(70,895)	-	25,863
Mental Health in Schools	Ministry of Education and Child Care	Funding to support mental health and well-being in school communities	30,620	48,000	(73,209)	-	5,411

Fund Name	Source	Purpose of Fund	Opening Balance	Received in the Year	Spent During the Year	Returned to the Ministry	Closing Balance
Changing Results for Young Children (CR4YC)	Ministry of Education and Child Care	Funding to implement on-going collaborative professional learning among educators to support social-emotional learning outcomes for children in early years	2,200	11,250	(4,758)	-	8,692
Federal Safe Return to Class / Ventilation Fund	Ministry of Education and Child Care	Carry forward of unspent 2021-2022 Federal funds received in response to the COVID-19 pandemic and additional funding received in 2022-2023 for ventilation	1,055,502	-	(1,023,968)	-	31,534
Early Childhood Education Dual Credit Program	Ministry of Education and Child Care	Funding to expand dual credit opportunities for high school students interested in early childhood education	50,000	82,000	(91,047)	-	40,953
Student and Family Affordability	Ministry of Education and Child Care	One-time funding to increase food security for students and their families, and to support students, parents, and guardians with affordability concerns	-	1,953,010	(1,535,817)	-	417,193
Strengthening Early Years to Kindergarten Transitions (SEY2KT)	Ministry of Education and Child Care	Funding to provide opportunities for school districts and communities to work together in support of young children and their families	41,199	19,000	(14,775)	-	45,424

Fund Name	Source	Purpose of Fund	Opening Balance	Received in the Year	Spent During the Year	Returned to the Ministry	Closing Balance
Early Care and Learning (ECL)	Ministry of Education and Child Care	Funding to assist the Ministry in establishing an integrated early learning and child care system	-	175,000	(158,317)	-	16,683
Ledger School (Provincial Resource Program)	Ministry of Education and Child Care	Vancouver Island children and youth attending this in-patient hospital-based psychiatric service	27,407	374,540	(369,720)	(26,407)	5,820
Provincial Inclusion Outreach (Provincial Resource Program)	Ministry of Education and Child Care	Outreach services to educators, students and families for students with severe cognitive and multiple physical disabilities	749	879,476	(879,474)	-	751
Estate Trust	Other and Investment Income	Estate donations where interest earned is used to provide scholarships and materials related to social studies to two schools	120,064	22,009	(3,561)	-	138,512

Capital Fund Analysis

Capital funds are presented in Schedules 4 to 4D. The Capital Fund includes capital expenditures for items such as land, buildings, equipment and vehicles that are funded by Ministry capital grants, Local Capital, and transfers from the Operating and Special Purpose Funds.

	2023 Actual	2023 Budget	2022 Actual	Actual to Budget	Actual to Prior Year
Revenues					
Ministry of Education and Child Care	\$ 3,024,892	\$ 2,500,000	\$ 2,403,438	\$ 524,892	\$ 621,454
Other Revenue	1,000,000	5,300,000	-	(4,300,000)	1,000,000
Investment Income	54,018	8,380	13,659	45,638	40,359
Amortization of Deferred Capital Revenue	8,013,303	8,021,537	7,858,370	(8,234)	154,933
Construction License			4,300,000	-	(4,300,000)
Total Revenue	12,092,213	15,829,917	14,575,467	(3,737,704)	(2,483,254)
Expenses					
Operations and Maintenance	3,092,078	2,500,000	2,403,438	592,078	688,640
Amortization of Tangible Capital Assets	11,850,853	11,389,429	11,773,432	461,424	77,421
Total Expenses	14,942,931	13,889,429	14,176,870	1,053,502	766,061
Capital Surplus (Deficit) for the year	(2,850,718)	1,940,488	398,597	(4,791,206)	(3,249,315)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	3,555,392	-	1,068,149	3,555,392	2,487,243
Tangible Capital Assets—Work in Progress	258,267	-	25,887	258,267	232,380
Total Net Transfers	3,813,659	-	1,094,036	3,813,659	2,719,623
Total Capital Surplus (Deficit) for the year	\$ 962,941	\$ 1,940,488	\$ 1,492,633	\$ (977,547)	\$ (529,692)

Significant variances in Capital Revenues and Expenses are highlighted below:

Ministry of Education and Child Care Revenue and Operations and Maintenance Expense

Ministry of Education and Child Care Revenue is recognized when maintenance expenses (non-capital) funded through Bylaw Capital are incurred. Actual expenses were \$0.5 million higher than the annual budget and \$0.6 million higher than the prior year. In 2022-2023, there were two unplanned maintenance items related to shoring at Oaklands Elementary and SJ Burnside Education Centre totaling \$0.3 million.

Other Revenue and Construction License

Other Revenue in the annual budget included a \$4.3 development licence related to the Caledonia Redevelopment Master Agreement and \$1.0 million expected from Pacifica Housing related to a quitclaim on land located at 498 Cecelia Road in favour of the City of Victoria. However, the Caledonia Agreement concluded prior to June 30, 2023 and the revenue was recorded in 2021-2022.

Net Transfers

During the annual budget process, the Board approved all operating capital purchases to be paid from Local Capital. However, there were not enough funds available in Local Capital, as the sale of a portion of land at Lansdowne North to Conseil Scolaire Francophone de la Colombie-Britannique was not finalized before June 30, 2023. All operating capital purchases had to remain in the Operating Fund.

Future Financial Stability

There are several factors that could influence the District's financial situation during the 2023-2024 school year and beyond.

Technology

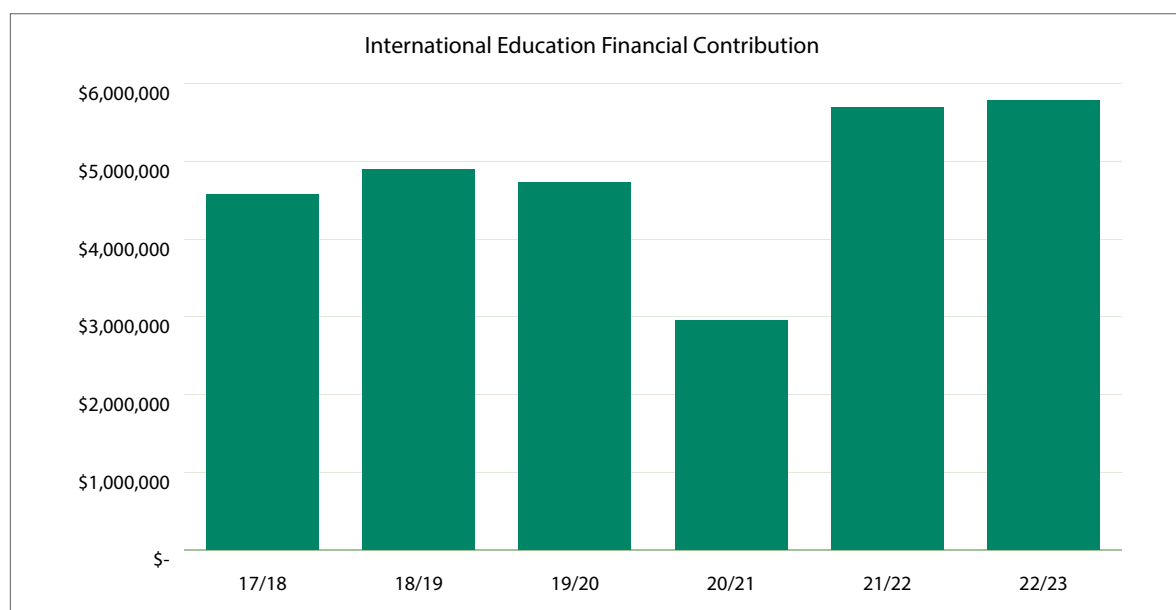
Technology continues to advance at a rapid pace and the use of technology in the classroom continues to grow. Funding to provide the required hardware, infrastructure, and supporting services will continue to be a challenge.

Funding Model Review

The majority of the District's operating funding is provided by the Ministry of Education and Child Care and is based on student enrolment and other factors. The current funding formula has been in place since 2002. In 2018, the Ministry began a review of the formula and work is currently underway on the development, review and consultation on a potential new formula. While it was expected that the new formula would be announced and implemented in 2020-2021, the Ministry has since postponed the decision to implement any changes. It is not known if a new formula will have a positive or negative impact on the operating budget. In particular, any movement from per course funding to per student funding (FTE versus Headcount) will result in a \$3 million+ decrease in funding and may reduce the courses offered to students. The District should continue to take this risk into account as it builds its unrestricted operating surplus to between 2% and 4% of operating revenue.

International Education

International Education is a significant contributor to the District's overall financial status. In 2022-2023, the program provided the District with an additional \$5.8 million to support the overall school district, in addition to providing schools with 55.7 teacher FTE. Projected demographics within schools, availability of home stay families and lingering impacts of the COVID-19 pandemic all impact the future of this program.



Inflation and Supply Chain Issues

Inflationary pressures continue to increase the cost of supplies and equipment. As these costs are not funded by the Ministry, the District will continue to face budgetary pressures.

Unrestricted Operating Surplus (Contingency)

The District currently holds an unrestricted operating surplus (contingency) of \$617 thousand. *Board Policy 3170 Operating Surplus* states that the District will maintain an unrestricted operating surplus (contingency) of 2-4% of the prior year's operating revenue, which is \$4.6 million. The purpose of maintaining an unrestricted operating surplus at this level is to mitigate the risk associated with emergencies or unexpected increases in expenses or reductions in revenue. By holding an unrestricted operating surplus (contingency) that is significantly lower than what is required, the District is at a higher risk of not being able to provide educational services or maintain regular operations without implementing one-time service cuts.

Contacting the School District's Financial Management

This report is designed to provide a general but more detailed overview of the District's finances and to demonstrate increased accountability for the public funds received by the District. If you have questions about this report or need additional financial information, please contact the [Office of the Secretary Treasurer](#).