



FINANCIAL STATEMENT DISCUSSION & ANALYSIS

2023-2024

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Introduction

This report is a discussion and analysis of the financial results for the fiscal year ended June 30, 2024 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, 2023 and the annual budget for 2023-2024. This report should be read in conjunction with the District’s 2023-2024 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 47 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

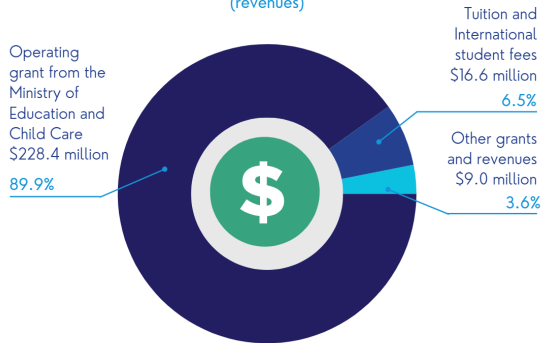
We are proactive in the stewardship of the resources of our organization, our community and our planet

A Year in Review 2023-2024

Operating Fund

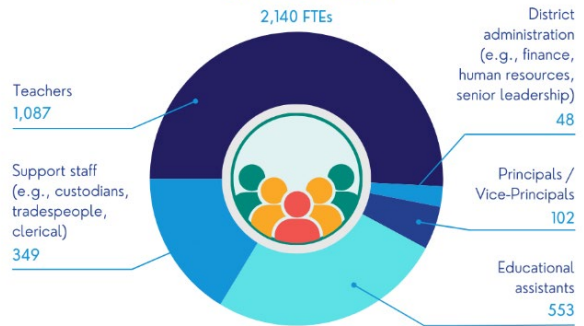
Where the money comes from

(revenues)



Our Staff Team

2,140 FTEs



Where the Money Goes

(Expenditures)



Our Student Population = 21,356



How Each Dollar is Spent



One Student



Total Revenue
\$11,980

Total Spent
\$11,786

Our District

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 Four Houses
- 1** Elders Advisory Council
- 1** hosted South Island Gr. 12 Indigenous Student Retreat



Sexual Orientations and Gender Identities (SOGI)

- 50** Participation from Trustees, Staff, Parents and Students in Victoria Pride Parade
- 10%** increase in schools that have an active GSA or Rainbow Club from previous year



Mental Health and Well-Being

- 35,000** views of monthly Mental Health and Wellness SNAPSHOT newsletter
- All** schools with social emotional programming
- All** grade 6 and 7 students participating in physical literacy programming
- All** high schools with Physical and Health Education (PHE) resources and supports

French Immersion (FRIM)

- 3,871** students enrolled
- 712** “Welcome to K FRIM” video views
- 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

Student Voice

- Representatives from all high school and middle schools participated in our Budget Symposium
- Representatives from all high schools participated in Student Connections meetings
- Monthly meetings with representatives from all high schools as part of our Representative Advisory Council of Students

Inclusive Education

- 420** staff trained in non-violent crisis intervention
- All** schools implementing competency-based IEPs and increasing student and family voice in planning process



Our District Continued

Early Learning and Child Care

- 4,566** children registered for StrongStart
- 2,400+** children attending child care on school grounds
- 272** teachers & ECEs participated in early years professional learning
- 14** ECEs work alongside Kindergarten teachers in priority schools
- 13** Ministry funded child care ‘new spaces’ in progress
- 18** Child care centres on school grounds in operation

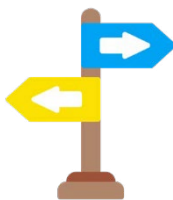


English Language Learners (ELL) and Welcome & Learning Centre

- 2,379** ELL students
- 125** newcomer families to Canada and District supported through new Welcome & Learning Centre
- 4** professional learning sessions offered to K-12 ELL teachers and 2 professional learning sessions offered to Secondary Principals and Vice-Principals
- 5** partnerships with non-profit community organizations to support newcomers

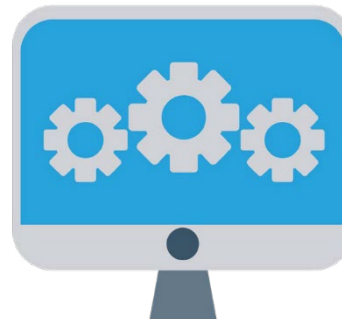
Pathways & Partnerships

- 7,800** staff K-8 students participated in hands-on, career-focused learning opportunities
- 73** New Youth Apprenticeship Registrations
- 900+** career-related courses taken by secondary students in post-secondary and industry
- 34** \$1,000 Youth Apprenticeship Awards given to students
- 88%** 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



Information technology for Learning

- District-wide staff/classroom technology refresh
- Reporting and Assessment Digital Alignment (CSL)
- Streamlined digital service request and privacy review process established



Facilities

- 14** Security and/or Wi-Fi upgrades completed
- 2,500** Maintenance work orders completed throughout the District
- 25** Tec package upgrades
- 3** Boiler upgrades and 3 roofing upgrades completed
- 1** Seismic upgrade at Victoria High School completed

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.

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 \$0.5 million compared to \$2.2 million in the annual budget and \$0.4 million in the prior year.

	2024 Budget	2024 Actual	2023 Actual
Revenues	\$ 294,039,286	\$ 308,970,489	\$ 281,399,206
Expenses	(296,212,366)	(309,503,685)	(281,813,228)
Surplus (Deficit) for the year	(2,173,080)	(533,196)	(414,022)
Operating Surplus (Deficit) including Interfund Transfers	(4,342,059)	2,218,660	(1,376,963)
Special Purpose Surplus (Deficit) including Interfund Transfers	-	-	-
Capital Surplus (Deficit) including Interfund Transfers	2,168,979	(2,751,856)	962,941
Surplus (Deficit) for the year	\$ (2,173,080)	\$ (533,196)	\$ (414,022)

The 2023-2024 school year saw growth in enrolment for the third year since the COVID-19 pandemic. Ministry of Education and Child Care ("Ministry") funded enrolment in 2023-2024, including September, February and May final counts, saw an increase of 388.313 FTE compared to 2022-2023 and 392.022 FTE compared to the annual budget. This has resulted in an increase in the Operating Grant from the Ministry. As a result of increased enrolment, variable operating expenses, such as staffing and supplies, have also increased.

International enrolment also saw an increase. Regular international enrolment saw an increase of 27 FTE compared to 2022-2023 and 25 FTE compared to the annual budget. Short-term international enrolment saw an increase of 185 students compared to 2022-2023 and 38 students compared to the annual budget. This has resulted in an overall increase in both Tuition and Miscellaneous International Student Program revenues.

Cost pressures included a rise in teachers teaching on call costs due to an increase in teacher daily absences and inflationary costs.

As interest rates in Canada rose, the District received an 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 2023-2024. The Feeding Futures School Food Program Fund was announced in April 2023 and was provided to school districts to increase food security for students by expanding or creating school food programs. The Health Career Grant was provided to school districts as an initiative within BC's Health Human Resources Strategy, to create and expand dual credit programs focused on health careers aligned with regional workforce demands.

The District acquired tangible capital assets, including work in progress, totaling \$38.8 million. Significant additions included continued work on the Victoria High School and Cedar Hill Middle School seismic projects, various Annual Facility Grant projects, 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, 2024 and June 30, 2023.

	2024	2023	\$ Change	% Change
Financial Assets				
Cash and Cash Equivalents	\$76,453,189	\$63,601,347	\$12,851,842	20%
Accounts Receivable	5,894,838	4,938,067	956,771	19%
Portfolio Investments	499,829	499,772	57	0%
Total Financial Assets	82,847,856	69,039,186	13,808,670	20%
Liabilities				
Accounts Payable and Accrued Liabilities	41,652,807	36,721,598	4,931,209	13%
Unearned Revenue	13,267,939	12,790,769	477,170	4%
Deferred Revenue	7,512,586	6,754,367	758,219	11%
Deferred Capital Revenue	310,134,976	278,523,632	31,611,344	11%
Employee Future Benefits	3,386,055	3,175,784	210,271	7%
Asset Retirement Obligation	23,832,319	22,081,468	1,750,851	8%
Total Liabilities	399,786,682	360,047,618	39,739,064	11%
Net Debt	(316,938,826)	(291,008,432)	(25,930,394)	9%
Non-Financial Assets				
Tangible Capital Assets	348,952,037	323,971,642	24,980,395	13%
Prepaid Expenses	1,375,154	958,351	416,803	9%
Total Non-Financial Assets	350,327,191	324,929,993	25,397,198	8%
Accumulated Surplus (Deficit)	\$33,388,365	\$33,921,561	\$ (533,196)	-2%

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 increased by \$12.9 million compared to the prior year primarily due to an increase of \$6.2 million in Unspent Deferred Capital Revenue and an increase of \$4.9 million in Accounts Payable and Accrued Liabilities.

Accounts Receivable

Accounts receivable has increased by \$1.0 million due to a \$1.9 million deposit paid to the District of Saanich for the Cedar Hill Middle School seismic project, partially offset by reductions in the BCPSEA and PEBT surplus account of \$0.4 million and child care capital project receivables from the Ministry \$0.5 million.

Accounts Payable

Accounts payable has increased by \$4.9 million due to an increase in capital holdbacks related to the Victoria High School and Cedar Hill Middle School seismic projects and schedule delay claims related to the Victoria High School seismic project.

Unearned Revenue

Unearned revenue has increased by \$0.5 million as tuition fees for international students increased by 6.3%.

Deferred Revenue

Deferred revenue increased by \$0.8 million as the District received \$0.5 million in Student and Family Affordability Funds at the end 2023-2024 and School Generated Funds increased by \$0.56 million as schools collected additional funds for school programs.

Deferred Capital Revenue

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

	2024	2023	\$ Change
Deferred Capital Revenue—Opening	\$278,523,632	\$246,275,116	\$32,248,516
Funding received for capital projects	44,846,063	43,286,711	1,559,352
Maintenance expenses (non-capital)	(3,672,367)	(3,024,892)	(647,475)
Amortization of Deferred Capital Revenue	(9,562,352)	(8,013,303)	(1,549,049)
Closing Deferred Capital Revenue	\$310,134,976	\$278,523,632	\$31,611,344

The majority of funds were received for the Victoria High School seismic project (\$18.8 million), Cedar Hill Middle School seismic replacement (\$10.6 million) and the Child Care Capital Funding Program for new child care spaces on District property (\$6.0 million).

Asset Retirement Obligation

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. In the current year, the District reviewed buildings containing asbestos and revised the estimate. This resulted in a \$1.7 million increase in the liability.

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, 2023	Additions	Deemed Disposals	Transfers (WIP)	Balance at June 30, 2024
Sites	\$11,978,240	\$ -	\$ -	\$ -	\$11,978,240
Site Improvements	1,700,000	-	-	1,078,382	2,778,382
Site Improvements—WIP		1,090,468	-	(1,078,382)	12,086
Buildings	411,616,304	1,766,560	-	104,256,283	517,639,147
Buildings—WIP	90,768,220	32,229,965	-	(104,256,283)	18,741,902
Furniture & Equipment	15,850,605	655,668	(338,561)	3,076,628	19,244,340
Furniture & Equipment—WIP	728,069	2,532,183	-	(3,076,628)	183,624
Vehicles	2,528,326	-	(129,623)	-	2,398,703
Computer Software	-	-	-	-	-
Computer Hardware	8,357,991	2,090,115	(1,265,082)	150,261	9,333,285
Computer Hardware—WIP	-	150,261	-	(150,261)	-
Total	\$543,527,755	\$40,515,220	\$(1,733,266)	\$ -	\$582,309,709

Accumulated Amortization	Balance at June 30, 2023	Additions	Deemed Disposals	Transfers (WIP)	Balance at June 30, 2024
Sites	\$ -	\$ -	\$ -	\$ -	\$ -
Site Improvements	1,105,000	223,919	-	-	1,328,919
Buildings	207,942,653	11,540,679	-	-	219,483,332
Furniture & Equipment	6,470,937	1,754,748	(338,561)	-	7,887,124
Vehicles	698,076	246,351	(129,623)	-	814,804
Computer Software	-	-	-	-	-
Computer Hardware	3,339,447	1,769,128	(1,265,082)	-	3,843,493
Total	\$219,556,113	\$15,534,825	\$(1,733,266)	\$ -	\$233,357,672

Tangible capital assets increased by \$24.9 million from the prior year. Capital additions totaling \$40.5 million include an Asset Retirement Obligation revaluation of \$1.7 million, \$18.3 million related to Victoria High School seismic project, \$2.8 million in new child care builds funded by the ChildCareBC New Spaces Fund and \$10.6 million related to the Cedar Hill Middle School Seismic Replacement project.

Special Purpose (\$0.2M)	Operating (\$3.0M)	Local Capital (\$0.6M)	Deferred Capital Revenue (\$40.7M)
Playground Equipment	Shop Upgrades	Vic High Seismic	Vic High Seismic
Computer Technology	Theatre Equipment		Cedar Hill Seismic
Classroom Furniture and Equipment	Classroom Furniture and Equipment		School Food Infrastructure
Ventilation Systems	Network Infrastructure		Various AFG projects
	Technology Infrastructure		Child Care Spaces
	Desktops, Monitors, iPads, Chromebooks		Mt. Doug Building Envelope
	Vic West Portable		Colquitz HVAC Upgrade
	Tillicum Portable		Reynolds HVAC Upgrade
	Sundance-Bank Portable		Doncaster HVAC Upgrade
	Facilities 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, 2024, the net change to the total accumulated surplus was a decrease of \$0.5 million, summarized below:

	2024	2023	\$ Change
Constraints on funds	\$ 431,510	\$ 497,115	\$ (65,605)
Anticipated unusual expenses	625,008	484,234	140,774
Operations spanning multiple years	7,003,800	5,243,196	1,760,604
Total Internally Restricted Surplus—Operating Fund	8,060,318	6,224,545	1,835,773
Unrestricted Operating Surplus (Contingency)	1,000,000	617,113	382,887
Invested in Tangible Capital Assets	24,307,004	26,522,339	(2,215,335)
Local Capital Surplus	21,043	557,564	(536,521)
Total Accumulated Surplus	\$33,388,365	\$33,921,561	\$ (533,196)

Anticipated unusual expenses increased by \$0.1 million due to an increase in the potential arbitration settlement estimate. Operations spanning multiple years increased by \$1.7 million due to new portable costs at Sundance-Bank and Glanford, funds for the Oak Bay turf replacement, additional anticipated technology costs including \$50 thousand for a technology update in the boardroom, \$0.1 million to cover the potential crossing guard revenue shortfall and additional funds set aside to help offset future years' operating deficits.

Unrestricted operating surplus (contingency) increased by \$0.4 million. At June 30, 2023, the unrestricted operating surplus (contingency) balance was \$0.6 million. At June 30, 2024, an additional \$0.4 million of unrestricted operating surplus has been added to the unrestricted operating surplus (contingency), bringing the balance up to \$1.0 million.

Board Policy 3170 Operating Surplus sets a goal for unrestricted operating surplus (contingency) at 2-4% of the prior year's operating expenses. 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 2023-2024 Financial Statements, the prior year operating expenses were \$230 million. The minimum unrestricted operating surplus (contingency) should be \$4.6 million. With a current balance of \$1.0 million, the District will need to consider how to address future operating deficits while increasing the contingency by \$3.6 million over the coming years.

	June 30, 2024 (Actual)	June 30, 2024 (Projected)	Increase (Decrease)	June 30, 2023 (Actual)
Project Budgets	\$3,315,548	\$1,282,474	\$2,033,074	\$2,261,658
School Level Funds	855,971	1,000,000	(144,029)	997,230
Purchase Order Commitments	248,681	400,000	(151,319)	826,655
Planned Surplus to Balance 2024-2025 Budget	1,897,592	1,847,592	50,000	2,139,002
Planned Surplus to Balance 2025-2026 Budget	1,742,526	-	1,742,526	-
Unrestricted Operating Surplus - Contingency	1,000,000	617,113	382,887	617,113
Accumulated Surplus (Deficit), end of year	\$9,060,318	\$5,147,179	\$3,913,139	\$6,841,658

At June 30, 2024, the projected surplus increased by \$3.9 million compared to the 2023-2024 Amended Annual Budget projections prepared in February 2024. Several factors, outlined below, contributed to the increase.

1. Conservative budgeting in response to potential deficit and inability to spend budgets

Knowing the Board had set aside \$1.9 million in projected surplus to balance the 2024-2025 budget, departments and schools exercised conservative budgeting out of caution. This was a proactive strategy to safeguard the District's financial health. As a result of these savings, professional learning opportunities, programs and services were not delivered, which directly impacted student learning and staff professional growth.

Schools and departments found it challenging to allocate the necessary time and resources to develop and implement projects and professional learning opportunities due to vacancies and daily operational demands.

Additionally, during the year there were many unexpected expenses that arose, including an increase in TTOC costs and unexpected inflationary costs. Therefore, there was a concern the year end surplus would not be sufficient. Without a significant contingency in place, exercising caution in spending was part of a responsible risk management strategy to ensure that resources would be available if the financial forecast worsened.

2. Staffing vacancies and hiring challenges

During the 2023-2024 Amended Annual Budget, a recalculation was made on all staffing and any expected savings were included in the projected surplus which was then used to help balance the 2024-2025 Annual Budget. Through the end of 2023-2024, there were additional unanticipated savings on Educational Assistant salaries due to employees taking unpaid leaves and no replacements to fill these leaves. This resulted in a \$1.6 million surplus.

In April 2024, the Board approved a motion to implement a District-based staff hiring freeze for the balance of the 2023-2024 year; any urgent hiring requests were to be brought to the Board for

consideration which delayed hiring. As a result, there was surplus funds in Exempt, CUPE 947 and CUPE 382 salaries and benefits.

3. Other Factors

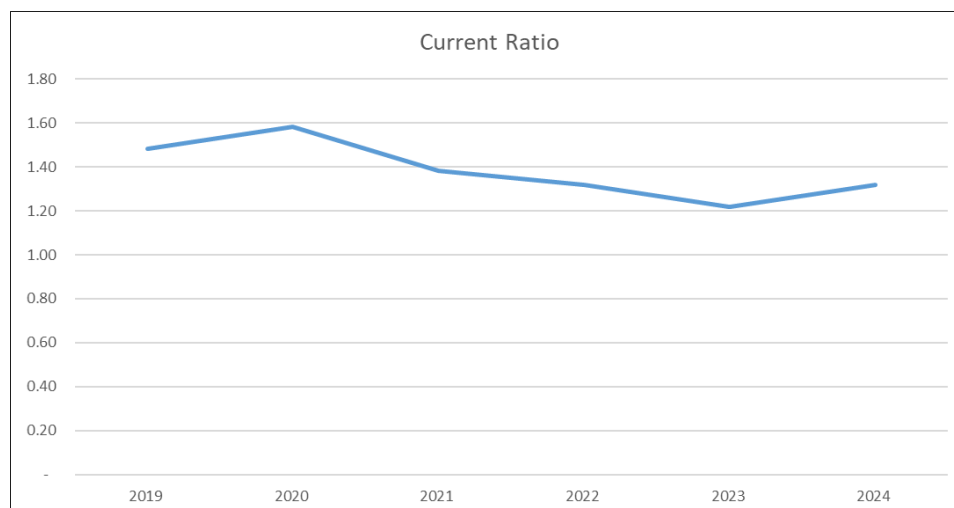
At June 30, 2024, there was a \$0.6 million surplus in utilities, of which \$0.5 million related to a reduction in natural gas usage. Through the winter and spring, consumption decreased due to warmer temperatures on average, continuous optimization program with BC Hydro and Fortis, and boiler upgrades resulting in a more efficient use of natural gas. Interest revenue increased by \$0.3 million compared to the February 2024 projections as the cash balance held in the Central Deposit Program was higher than projected. The District also received an additional \$0.3 million in benefit improvement funding from the Ministry, which was not anticipated and an increase in rental revenue of \$0.1 million.

The additional operating surplus presents an opportunity to strengthen the District’s financial position, fund strategic priorities and address shortfalls in the upcoming year.

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, 2024, 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 \$25.9 million compared to 2022-2023 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 2023-2024, the current ratio was 1.32 compared to 1.22 in 2022-2023.



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

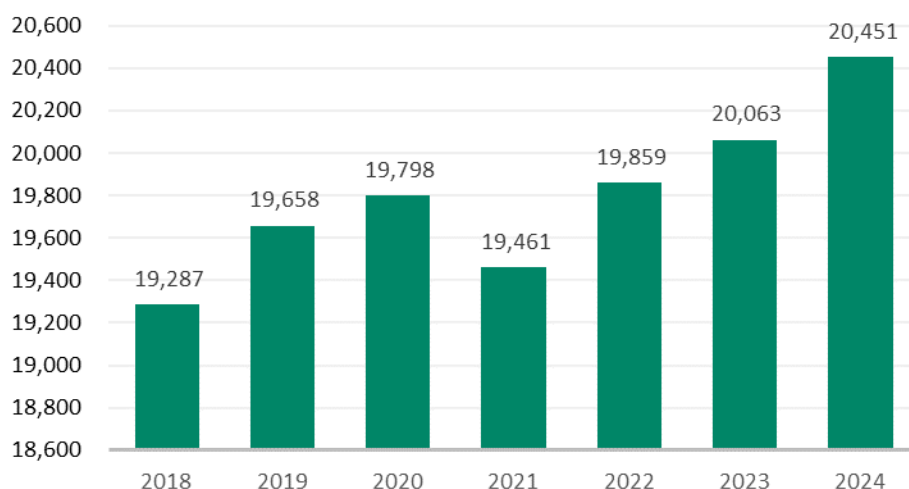
The operations of the District are primarily funded by the operating grant from the Ministry of Education and Child Care. The grant is based on student enrolment and is funded on a per FTE (full-time equivalent) basis. Students in grades kindergarten through nine are funded as 1.0 FTE and students in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

Student enrolment in 2023-2024, including September, February and May final counts, saw an increase of 388.313 FTE compared to 2022-2023 and 392.022 FTE compared to the annual budget.

	2024 Actual	2024 Budget	2023 Actual	Actual to Prior Year	Actual to Budget
School Age	20,413.503	20,038.544	20,035.128	378.375	374.959
Adult	37.813	20.750	27.875	9.938	17.063
Total FTE	20,451.316	20,059.294	20,063.003	388.313	392.022

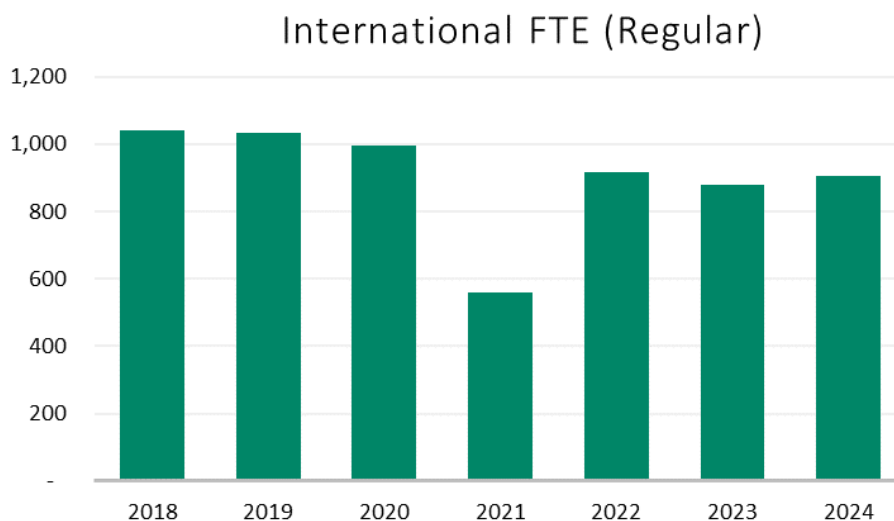
The graph below illustrates the District’s annual FTE enrolment since 2017-2018. Enrolment levels dropped in 2020- 2021 due to the COVID-19 Pandemic; however, they have since fully recovered.

Total School-Age and Adult Funded FTE Enrolment



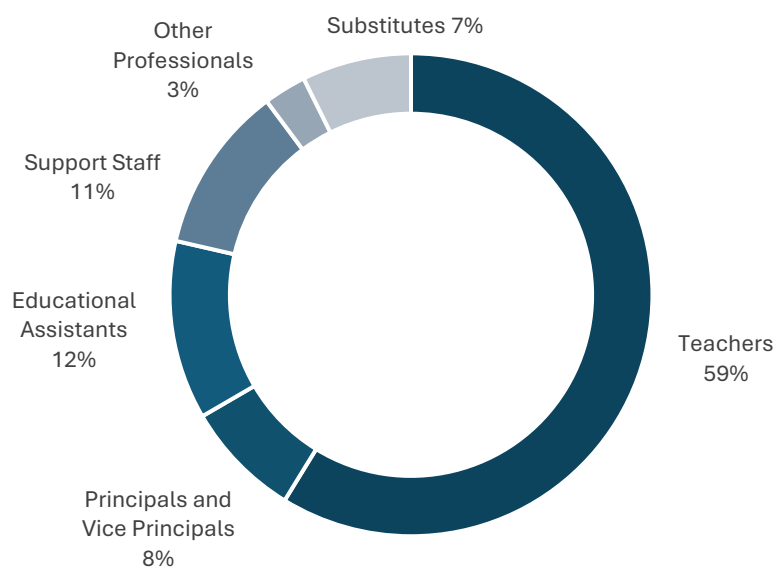
International

International enrolment also saw an increase. Regular international enrolment saw an increase of 27 FTE compared to 2022-2023 and 25 FTE compared to the annual budget. Short-term international enrolment saw an increase of 185 students compared to 2022-2023 and 38 students compared to the annual budget.



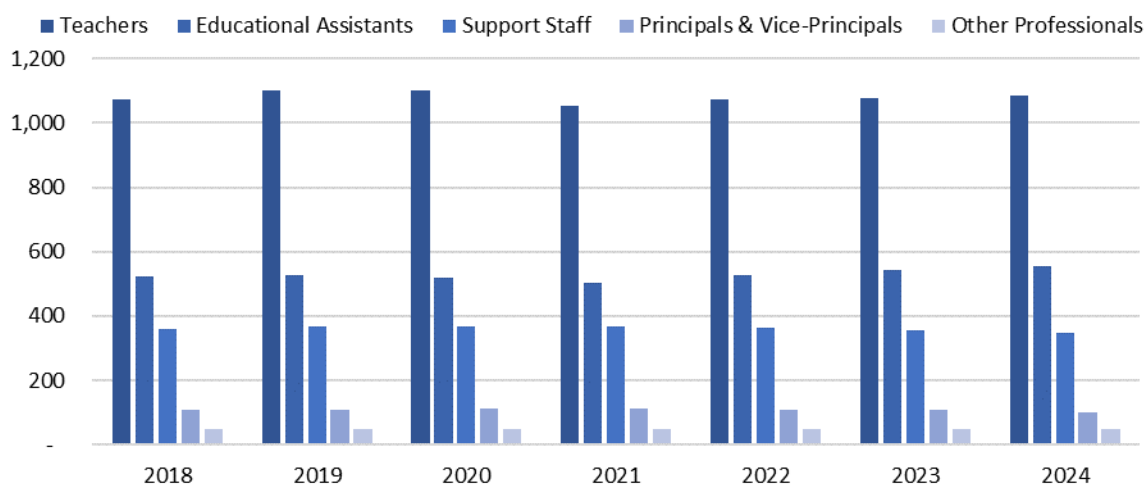
Staffing

Salaries and benefits account for 92% of the expenses within the Operating Fund. Ministry funded and international student enrolment directly impacts the number of school-based staff.



In 2023-2024, 2,139.70 FTE employees were paid for out of the Operating Fund compared to 2,131.00 in 2022-2023. 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 Fund FTE



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.

	2024 Budget	2024 Actual	2023 Actual	Actual to Budget	Actual to Prior Year
Revenues					
Ministry of Education and Child Care	\$217,393,311	\$228,370,346	\$207,997,634	\$10,977,035	\$20,372,712
Other Provincial Grants	274,039	285,084	281,178	11,045	3,906
Tuition	15,680,739	16,557,491	14,648,427	876,752	1,909,064
Other Revenue	1,817,162	3,216,326	3,328,344	1,399,164	(112,018)
Rentals and Leases	3,007,985	3,068,462	2,744,288	60,477	324,174
Investment Income	1,465,200	2,424,713	1,795,194	959,513	629,519
Total Revenue	\$239,638,436	\$253,922,422	\$230,795,065	\$14,283,986	\$23,127,357

Significant variances in operating revenue are highlighted below:

Ministry of Education and Child Care

The operating grant has increased by \$11.0 million compared to the annual budget and \$20.4 million to the prior year due to the following:

- Student enrolment in 2023-2024, including September, February and May final counts, saw an increase of 392.022 FTE compared to the annual budget. This resulted in a \$3.3 million increase in the Operating Grant. Additionally, funding for unique student needs including the February 2024 count increased by \$3.5 million including an increase in English Language Learners of \$0.4 million and an increase in Special Education by \$3.0 million. The Supplement for Salary Differential increased by \$0.5 million compared to the annual budget due to the District having a higher average teacher salary than the Provincial average relative to the Annual Budget.
- Student enrolment in 2023-2024, including September, February and May final counts, saw an increase of 388.313 FTE compared to 2022-2023. This resulted in a \$3.0 million increase in the Operating Grant. The per pupil funding level also increased by \$740, resulting in an increase of \$15.1 million in the Operating Grant. This additional funding was received to fund wage increases for teachers, support staff and non-educator exempt positions. Funding for unique student needs including the February 2024 count increased by \$5.8 million including an increase in English Language Learners of \$0.8 million, an increase in Indigenous Learners of \$0.3 million and an increase in Special Education by \$4.5 million. The Supplement for Salary Differential increased by \$0.6 million compared to the prior year due to the District having a higher average teacher salary than the Provincial average relative to the prior year.
- In 2023-2024, the District received \$3.8 million in Labour Settlement Funding to fund wage increases for cost of living adjustments (COLA) for all employee groups, educator exempt increases, and teacher and support staff 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. Funding for wage increases for teachers, support staff and non-educator exempt staff was included in the preliminary budget through an increase in the per pupil funding level.
- In 2022-2023, the District received \$8.0 million in Labour Settlement Funding to fund wage increases for teachers, exempt, support staff and teacher benefit enhancements. As funding for these increases was announced after the announcement of the operating grant, these increases were funded through a separate Labour Settlement Funding grant.

Tuition

Tuition has increased by \$0.9 million compared to the annual budget and \$1.9 million compared to the prior year as a result of more international students than expected. Actual international FTE attending long-term academic programs was 905 FTE compared to 878 FTE in the prior year and 880 FTE in the annual budget. Additionally, tuition fees increased by \$1,000 per FTE in 2023-2024.

Other Revenue

Other revenue increased by \$1.4 million compared to the annual budget and decreased by \$0.1 million compared to the prior year due to the following:

- Funding from First Nations increased by \$0.1 million compared to the annual budget and \$0.2 million compared to the prior year due to an increase in enrolment and an increase in the per pupil rate.
- In the prior year, the District received \$0.2 million in donations in support of the Elementary strings program and \$0.4 million from the Greater Victoria Teachers' Association. These were one-time sources of revenue.
- International Education revenues (non-tuition) increased by \$0.9 million compared to the annual budget and \$0.3 million compared to the prior year due to an increase in miscellaneous fees.

Rentals and Leases

Rentals and Leases increased by \$0.3 million compared to the prior year due to an increase in rental and lease rates. Additionally, new child care centres opened this year.

Investment Income

Investment income increased by \$1.0 million compared to the annual budget and \$0.6 million compared to the prior year. Interest earned on the funds held in the CDP program increased from 2.2% in July 2022 to 5.7% in August 2023, and subsequently decreased to 5.2% in March 2024 and 4.95% in June 2024.

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.

	2024 Budget	2024 Actual	2023 Actual	Actual to Budget	Actual to Prior Year
Salaries					
Teachers	\$107,167,700	\$107,984,513	\$98,805,851	\$816,813	\$9,178,662
Principals and Vice Principals	13,862,405	14,405,036	14,198,011	542,631	207,025
Educational Assistants	22,947,651	22,008,496	20,096,490	(939,155)	1,912,006
Support Staff	21,046,809	20,610,411	20,284,062	(436,398)	326,349
Other Professionals	4,956,475	5,263,707	5,417,569	307,232	(153,862)
Substitutes	10,398,295	13,470,099	11,481,082	3,071,804	1,989,017
Total Salaries	180,379,335	183,742,262	170,283,065	3,362,927	13,459,197
Employee Benefits					
	43,076,847	43,651,551	38,898,112	574,704	4,753,439
Services and Supplies					
Services	6,440,743	8,865,345	8,415,076	2,424,602	450,269
Student Transportation	932,286	1,138,356	929,735	206,070	208,621
Professional Development and Travel	676,572	756,487	910,932	79,915	(154,445)
Rentals and Leases	109,851	21,851	70,996	(88,000)	(49,145)
Dues and Fees	49,700	140,826	115,234	91,126	25,592
Insurance	479,973	557,948	482,392	77,975	75,556
Supplies	5,374,738	5,850,396	5,506,862	475,658	343,534
Utilities	4,442,200	3,961,817	3,993,504	(480,383)	(31,687)
Total Services and Supplies	18,506,063	21,293,026	20,424,731	2,786,963	868,295
Total Operating Expense	\$ 241,962,245	\$ 248,686,839	\$ 229,605,908	\$ 6,724,594	\$19,080,931

Teachers

Teacher salaries increased due to 0.3% being added to the top step of the salary grid plus an additional 5.5% general wage increase and 1.25% COLA effective July 1, 2023. All increases except for the COLA were built into the annual budget. Teacher salaries also increased from the prior year due to higher enrolment in 2023-2024.

Principals and Vice-Principals

Principals and Vice-Principals salaries increased due to step increments, wage increases and COLA. These increases were not built into the annual budget. The increase from the prior year was partially offset by a reduction of FTE in the annual budget.

Educational Assistants

Educational Assistants salaries increased compared to prior year as a result of increased Inclusive Learning enrolment plus a 5.5% general wage increase and a 1.25% COLA effective July 1, 2023. The general wage increase was built into the annual budget, but the COLA was not received until after the annual budget was prepared. Educational Assistant salaries decreased compared to budget as there was an increase in unfilled vacancies.

Support Staff

Support Staff increased compared to prior year as a result of a 5.5% general wage increase and a 1.25% COLA effective July 1, 2023. The general wage increase was built into the annual budget, but the COLA was not received until after the annual budget was prepared. Support Staff salaries decreased compared to budget as there was an increase in unfilled vacancies.

Other Professionals

Other Professionals increased compared to prior year due to step increments, wage increases and COLA. Other Professionals decreased compared to the prior year due to a reduction of FTE in the annual budget, as well as unfilled vacancies due to a District-based staff hiring freeze implemented by the Board in April 2024.

Substitutes

Substitutes salaries have seen an upward trend post COVID-19 pandemic due to the increase in the average number of daily absences per teacher. Additionally, substitute employees received a 5.5% general wage increase and 1.25% COLA effective July 1, 2023.

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 \$2.4 million compared to the annual budget as sufficient budget was not provided for International Education agent fees in the annual budget as the department expenditures were reduced during budget deliberations. Until the department had a chance to perform a review of expenditures to identify specific reductions, the total reduction was applied against agent fees. Additionally, as international enrolment increased, more agent fees were incurred. Agent fees increased by \$1.4 million compared to the annual budget. Additionally, Payroc fees related to School Cash Online increased by \$0.08 million, legal fees increased by \$0.19 million, contracted services related to school funded projects increased by \$0.17 million and Digital Services Recovery increased by \$0.1 million. There was also the reallocation of department and school-based budgets to reflect current year spending plans, and schools and departments spending budget carry forwards.

Student Transportation

Student Transportation increased by \$0.2 million compared to the annual budget and prior year as enrolment in the Student and Mobility Exchange program in International Education increased, and additional BC Transit bus passes were issued as a result of increased enrolment.

Professional Development and Travel

Professional Development and Travel decreased from the prior year as the prior year included travel to New Zealand by the Indigenous Education Department and a literacy summer institute for teachers.

Supplies

Supplies increased by \$0.5 million compared to the annual budget as a result of departments and schools spending budget carry forwards. Supplies increased by \$0.3 million compared to the prior year as a result of a spending freeze in the latter part of 2022-2023.

Utilities

Utilities decreased by \$0.5 million compared to the annual budget. There was a decrease in natural gas consumption due to warmer winter temperatures on average, continuous optimization program with BC Hydro and Fortis, and boiler upgrades that improved efficiency. Additionally, Facilities Services had a lot of success with their campaign to spread awareness about keeping exterior doors closed and using light switch stickers. In the amended annual budget, an adjustment of \$0.15 million was made to account for a water leak at Lansdowne Middle School, which was subsequently offset by a partial credit.

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, 2024:

	2024 Budget	2024 Actual	2023 Actual	Actual to Budget	Actual to Prior Year
Revenues					
Ministry of Education and Child Care	\$31,695,620	\$34,000,369	\$31,638,866	\$2,304,749	\$2,361,503
Other Revenue	6,500,000	7,444,825	6,624,643	944,825	820,182
Investment Income	278,560	347,110	248,419	68,550	98,691
Total Revenue	38,474,180	41,792,304	38,511,928	3,318,124	3,280,376
Expenses					
Instruction	37,543,649	40,783,816	36,433,312	3,240,167	4,350,504
Operations and Maintenance	830,531	825,837	831,077	(4,694)	(5,240)
Total Expenses	38,374,180	41,609,653	37,264,389	3,235,473	4,345,264
Surplus for the year	100,000	182,651	1,247,539	82,651	(1,064,888)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	(100,000)	(182,651)	(1,247,539)	(82,651)	1,064,888
Total Net Transfers	(100,000)	(182,651)	(1,247,539)	(82,651)	1,064,888
Total Surplus (Deficit) for the year	\$ -	\$ -	\$ -	\$ -	\$ -

Ministry of Education and Child Care Revenue and Instruction Expense

Ministry of Education and Child Care Revenue increased by \$2.3 million compared to the annual budget and \$2.4 million compared to the prior year as a result of the following:

- The Learning Improvement Fund received a \$0.1 million increase from the prior year, which included a component for labour settlement funds.
- Provincial Resource Programs increased by \$0.1 million compared to the prior year as a result of labour settlement funds.
- Official Languages in Education Protocol (OLEP) increased by \$0.1 million compared to the prior year as the District received a \$0.1 million additional grant from the Ministry to support French Immersion program growth.
- CommunityLINK increased by \$0.2 million compared to the prior year as a result of labour settlement funds and spending of the prior year deferred revenue.
- The Classroom Enhancement Fund increased by \$2.2 million compared to the annual budget and \$2.0 million compared to prior year. The remedies grants are not confirmed by the Ministry until after September 30 so were not included in the annual budget. Additionally, the Ministry approved a requested increase of 5,271 FTE due to increasing enrolment.
- The First Nation Student Transportation and Health Career grants were confirmed subsequent to the preparation of the annual budget.
- The Federal Safe Return to Class / Ventilation Fund is a 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. The remaining funds were spent this year.
- The Early Childhood Education Dual Credit Program increased by \$0.2 million compared to the annual budget and \$0.1 million compared to prior year. 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 Student and Family Affordability Fund was a new grant in 2022-2023; the funds spent in the current year relate to the prior year deferred revenue. In March 2024, the District received a further \$0.5 million which will be spent in 2024-2025.
- Feeding Futures Fund was a new grant in 2023-2024. The \$0.3 million decrease in revenues compared to the annual budget is due to higher deferred revenue than projected.

Other Revenue and Instruction Expense

School Generated Funds increased by \$1.0 million compared to the annual budget and \$0.9 million compared to the prior year due to large international trips taken by schools, including an Italian rugby tour and a senior band trip to Disneyland.

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	Beginning Deferred Revenue	Received in the Year	Spent During the Year	Recovered by the Ministry	Ending Deferred Revenue
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	\$ -	\$ 825,837	\$ (825,837)	\$ -	\$ -
Learning Improvement Fund	Ministry of Education and Child Care	Funding to augment Education Assistants' hours to provide additional supports to priority students	-	813,644	(813,644)	-	-
Scholarships and Bursaries	Other and Investment Income	Collected from donors and awarded to students within the District	748,241	66,679	(49,017)	-	765,903
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	6,880	138,240	(139,240)	(5,880)	-
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	4,361,036	8,258,895	(7,708,434)	-	4,911,497

Fund Name	Source	Purpose of Fund	Beginning Deferred Revenue	Received in the Year	Spent During the Year	Recovered by the Ministry	Ending Deferred Revenue
StrongStart	Ministry of Education and Child Care	Funding to support six early learning drop- in programs for children ages 0 to 5	4,598	192,000	(178,003)	-	18,595
Ready, Set, Learn	Ministry of Education and Child Care	Events for 3- to 5-year-olds and parents/ caregivers to support and facilitate smooth transition to kindergarten	77,375	68,600	(82,933)	-	63,042
OLEP (Federal French)	Ministry of Education and Child Care	Core French and French Immersion language programs and curriculum resources	4,261	571,647	(561,379)	-	14,529
CommunityLINK	Ministry of Education and Child Care	Funding to support the academic achievement and social functioning of vulnerable students	292,061	4,211,863	(4,353,996)	-	149,928
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	523,079	23,159,637	(22,877,514)	(523,079)	282,123
First Nation Student Transportation	Ministry of Education and Child Care	Funding to support Indigenous students' transportation to school and extra-curricular activities	25,863	104,604	(87,657)	-	42,810

Fund Name	Source	Purpose of Fund	Beginning Deferred Revenue	Received in the Year	Spent During the Year	Recovered by the Ministry	Ending Deferred Revenue
Mental Health in Schools	Ministry of Education and Child Care	Funding to support mental health and well-being in school communities	5,411	48,000	(41,780)	-	11,631
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	8,692	11,250	(3,619)	-	16,323
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	31,534	-	(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	40,953	174,000	(189,363)	-	25,590
Student and Family Affordability Fund	Ministry of Education and Child Care	One-time funding to increase food security for students and their families, and to support students, parents, and caregivers with affordability concerns	417,193	469,000	(251,354)	-	634,839

Fund Name	Source	Purpose of Fund	Beginning Deferred Revenue	Received in the Year	Spent During the Year	Recovered by the Ministry	Ending Deferred Revenue
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	45,424	19,000	(48,617)	-	15,807
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	16,683	175,000	(183,501)	-	8,182
Feeding Futures School Food Program	Ministry of Education and Child Care	Funding to increase food security for students by expanding or creating school food programs	-	2,253,290	(1,948,421)	-	304,869
Health Career Grants	Ministry of Education and Child Care	Funding aimed to create and expand dual credit programs focused on health careers	-	55,000	(50,000)	-	5,000
Ledger School (Provincial Resource Program)	Ministry of Education and Child Care	Vancouver Island children and youth attending this in-patient hospital-based psychiatric service	5,820	422,820	(393,360)	(112)	35,168

Fund Name	Source	Purpose of Fund	Beginning Deferred Revenue	Received in the Year	Spent During the Year	Recovered by the Ministry	Ending Deferred Revenue
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	751	993,150	(954,023)	-	39,878
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	138,512	47,438	(19,078)	-	166,872

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.

The District's Capital Operations are funded from Deferred Capital Revenue, which includes Bylaw Capital, Ministry of Education and Child Care Restricted Capital, Other Provincial Capital, Other Capital and other sources, including Local Capital, and Operating and Special Purpose Funds.

Deferred Capital Revenue – Bylaw Capital

Bylaw Capital are funds received from the Ministry for capital plans (including site acquisitions, Expansion Program, Replacement Program, Bus Acquisition Program, Seismic Mitigation Program, Building Envelope Program, School Enhancement Program, Carbon Neutral Capital Program, and Playground Equipment Program).

Deferred Capital Revenue – Ministry of Education and Child Care Restricted Capital

These funds are generated through accrued cost savings realized from completed capital projects, revenues from the sale of capital assets, and investment income earned on these funds. Available funds at June 30, 2024 to use towards Capital Assets is \$3.2 million, of which \$71 thousand is restricted for the Oak Bay High School heat pump repair.

Deferred Capital Revenue – Other Provincial Capital

Other Provincial Capital from the Ministry of Education and Child Care is funding received for the ChildCareBC New Spaces Fund. Other Provincial Capital from Other is funding received from other Ministries within the Province. In 2023-2024, the District received \$0.4 million in funding through the Ventilation Improvement Fund for Doncaster Elementary HVAC upgrades.

Deferred Capital Revenue – Other Capital

Other Capital is funding received from external parties. In the current year, the largest sources of funding received were for the Victoria High School and Spectrum Community School Artificial Turf fields.

Local Capital

Local Capital funds are generated by the District through revenues from the sale of capital assets, previous year's Operating surpluses which have been transferred to Local Capital with Board approval, and investment income earned on these funds. Available funds at June 30, 2024 to use towards Capital Assets is \$21 thousand. A Board commitment of \$0.5 million has been made for the Shoreline Middle School replacement project and \$4.1 million for the Cedar Hill Middle School Replacement project; therefore, funds from any future land sales must be used to support these commitments.

Operating and Special Purpose Funds

Tangible Capital Assets purchased from Operating and Special Purpose Funds are paid for using school or department funds. Examples include new classroom furniture and equipment, technology, portable moves, and facilities equipment. These purchases are moved from the Operating Fund on Schedule 2 to the Capital Fund on Schedule 4 where they are amortized.

Schedule of Capital Operations—Schedule 4

	2024 Budget	2024 Actual	2023 Actual	Actual to Budget	Actual to Prior Year
Revenues					
Ministry of Education and Child Care	\$2,500,000	\$3,672,368	\$3,024,892	\$1,172,368	\$647,476
Other Revenue	-	-	1,000,000	-	(1,000,000)
Investment Income	69,000	21,043	54,018	(47,957)	(32,975)
Gain (Loss) on Disposal of Tangible Capital Assets	3,808,000	-	-	(3,808,000)	-
Amortization of Deferred Capital Revenue	9,549,670	9,562,352	8,013,303	12,682	1,549,049
Total Revenue	15,926,670	13,255,763	12,092,213	(2,670,907)	1,163,550
Expenses					
Operations and Maintenance	2,500,000	3,672,368	3,092,078	1,172,368	580,290
Amortization of Tangible Capital Assets	13,375,941	15,534,825	11,850,853	2,158,884	3,683,972
Total Expenses	15,875,941	19,207,193	14,942,931	3,331,252	4,264,262
Capital Surplus (Deficit) for the year	50,729	(5,951,430)	(2,850,718)	(6,002,159)	(3,100,712)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	2,118,250	2,761,491	3,555,392	643,241	(793,901)
Tangible Capital Assets—Work in Progress	-	438,083	258,267	438,083	179,816
Total Net Transfers	2,118,250	3,199,574	3,813,659	1,081,324	(614,085)
Total Capital Surplus (Deficit) for the year	\$2,168,979	\$(2,751,856)	\$962,941	\$(4,920,835)	\$(3,714,797)

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 \$1.2 million higher than the annual budget and \$0.6 million higher than the prior year. In the current year, there were significant roofing projects including new roofing at Southpark Elementary.

Other Revenue

Other Revenue in the prior year included \$1.0 million from Pacifica Housing related to a quitclaim on land located at 498 Cecelia Road in favour of the City of Victoria.

Gain (Loss) on Disposal of Tangible Capital Assets

The Gain (Loss) on Disposal of Tangible Capital Assets of \$3.8 million in the annual budget relates to the District's portion of the proceeds on the sale of property located at 1765 Lansdowne Road to the Conseil Scolaire Francophone de la Colombie-Britannique. The sale will now occur after June 30, 2024.

Amortization of Deferred Capital Revenue

Deferred Capital Revenues (DCRs) are contributions received for the purchase of capital assets. As the assets are put into use, the DCRs are brought (recognized) into revenue over the assets' useful life (amortized). Amortization of Deferred Capital Revenue increased by \$1.5 million compared to the prior year as Victoria High School seismic project was complete and therefore some of the DCRs were recognized into revenue.

Amortization of Tangible Capital Assets

As assets are put into use, the capital expenditures are expensed over the assets useful life (amortized). Amortization is \$2.1 million higher than the annual budget as capital expenditures were higher than planned. Additionally, in the current year the District reviewed areas containing asbestos and revised the Asset Retirement Obligation estimate, which resulted to an increase of \$1.8 million in Amortization.

Net Transfers

Net Transfers increased by \$0.6 million compared to the annual budget and decreased by \$0.8 million compared to the prior year. The current year transfers included more furniture and equipment and computer hardware purchases by schools and departments than planned. Additionally, capital costs related to portables at Sundance-Bank Elementary and Vic West Elementary were incurred and were not initially included in the budget. The prior year transfers included a portion of the electric bus purchases and computer technology initially planned to be paid for from Local Capital but there were not enough funds to cover the costs, as the sale of a portion of land at Lansdowne Road to the Conseil Scolaire Francophone de la Colombie-Britannique was not finalized prior to June 30, 2023.

Major Capital Projects Funding Received in 2023-2024

Seismic Mitigation Program \$29.4 million

The following projects continued to receive funding in 2023-2024:

The District received \$18.8 million of the \$97.0 million in total funding provided by the Ministry for the Victoria High School seismic project. This project was completed in the current year, and students returned to classes in the updated school in April 2024.

The District received \$10.6 million of the \$45.3 million in total funding provided by the Ministry for the Cedar Hill Middle School Replacement.

School Enhancement Program \$1.0 million

The School Enhancement Program aims to help school districts extend the life of their facilities through a wide range of improvement projects. In 2023-2024, the District received \$1.0 million for South Park Roofing.

School Food Infrastructure Program \$0.2 million

In 2023-2024, the Ministry allocated funding to school districts to increase food security for students by expanding or creating school food programs. In conjunction with this funding, they allocated additional capital funds to help school districts improve food preparation areas. The District received \$0.2 million in 2023-2024 which was used to install new kitchens and food preparation areas district wide.

Carbon Neutral Capital Program \$0.9 million

The Carbon Neutral Capital Program provides specific funding to energy-efficient projects that lower school district' carbon emissions. In 2023-2024, the District received \$0.9 million for Reynolds High School and Doncaster Elementary HVAC Upgrades. Doncaster received an additional \$0.4 million from the federal government through the Ventilation Improvement Fund.

Annual Facility Grant \$3.3 million

The Annual Facility Grant is provided to boards of education to be used at their discretion to address repair and maintenance priorities at schools to ensure these facilities are safe and functioning well. The District received \$3.3 million in 2023-2024. Larger projects included district-wide security and metal shop upgrades, Esquimalt High School dust collector upgrade, Eagle View Elementary boiler upgrades, and various maintenance projects including energy replacements, roof repairs and painting.

ChildCareBC New Spaces Fund

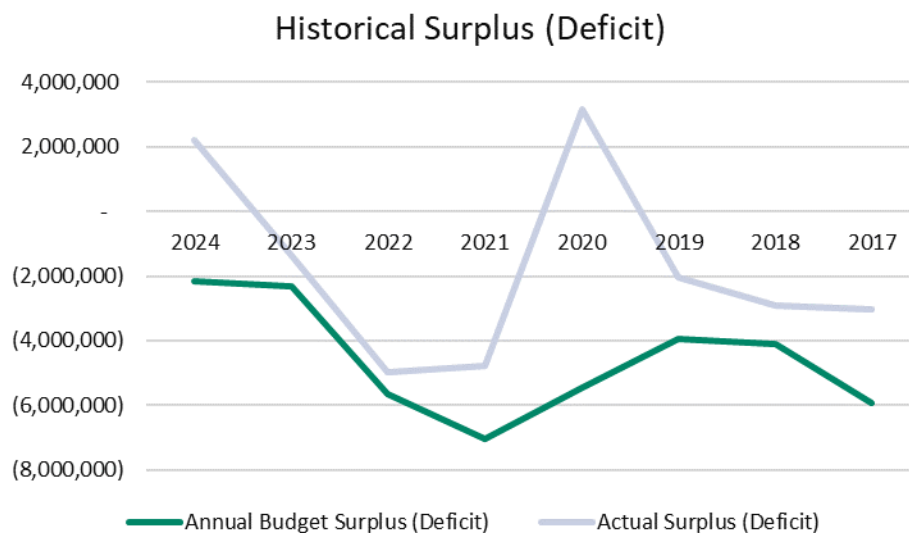
The ChildCareBC New Spaces Fund is aimed at creating new licensed child care spaces throughout BC, improving access to child care for families who want affordable, quality care. In 2023-2024, there were 16 child care centres in progress, with a budget totalling \$29.8 million. New spaces at View Royal Elementary and Eagle View Elementary opened during the year.

Future Financial Stability

There are several factors that could influence the District's financial situation during the 2024-2025 school year and beyond.

Structural Deficit

A structural deficit occurs when an organization's ongoing expenditures are continually greater than its revenues. Per the chart below, the District has been able to find savings each year to put towards the structural deficit.



To address the structural deficit, the District must make structural changes to the annual budget.

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

- Non-enrolling staffing levels higher than what is required in the collective agreement
- Continued use of surplus to balance the budget
- Unfunded inflationary cost pressures
- Unfunded costs related to the restored class size and composition language
- Increasing replacement costs for staff absences and unfunded Employer Standards Act paid sick leave
- Inadequate funding for Special Purpose Funds, including CommunityLINK, StrongStart and Mental Health

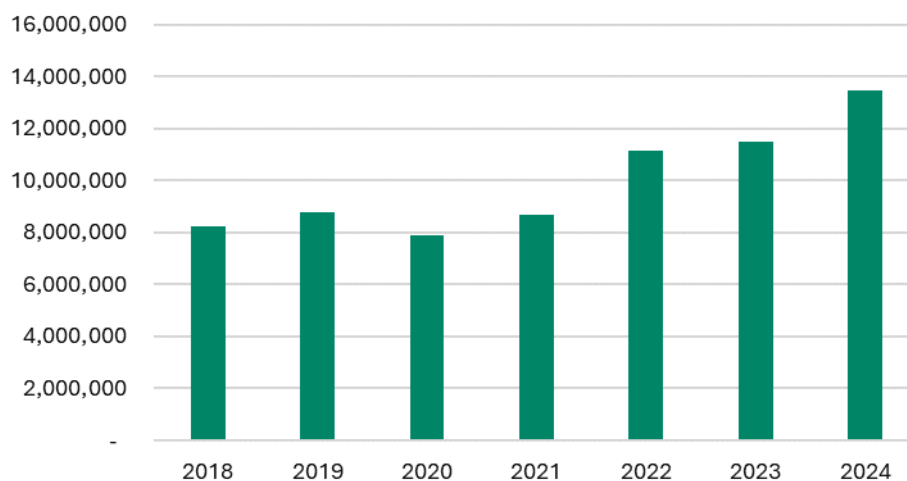
Inflation and Cost Pressures

Inflationary pressures continue to increase the cost of services and supplies, while funding from the Ministry does not account for inflationary costs. As this trend continues, the District may need to adjust service or program levels accordingly.

Recruitment, Retention and Absences

The District ended in a surplus position mainly due to the inability to hire and retain employees. The challenge of hiring and retaining employees leads to increased workload for existing employees, resulting in burnout, decreased morale and further attrition. Moreover, the lack of retention impacts succession planning. This becomes challenging to identify and develop future leaders within the District. The District will have to identify ways of attracting and retaining its employees.

Substitute Costs



Over the past four years, substitute costs have grown as a result of increased employee absences. This trend has been experienced across the Province and is expected to continue, which will put additional pressure on the District to find other budget savings.

Aging Infrastructure

The District currently has over 3.1 million square feet (287,000 square meters) of space, with the average age of facilities being well over 62 years old compared to a Provincial average of 43 years. The overall Facility Condition Index for all of the District's facilities is 0.402, which reflects a critical rating. This means that the buildings are generally at the end of their lives, with consistent issues with the building envelopes, major building systems likely to fail and deferred maintenance at unacceptable levels. The current estimate of deferred maintenance based on Ministry data is \$291 million.

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.

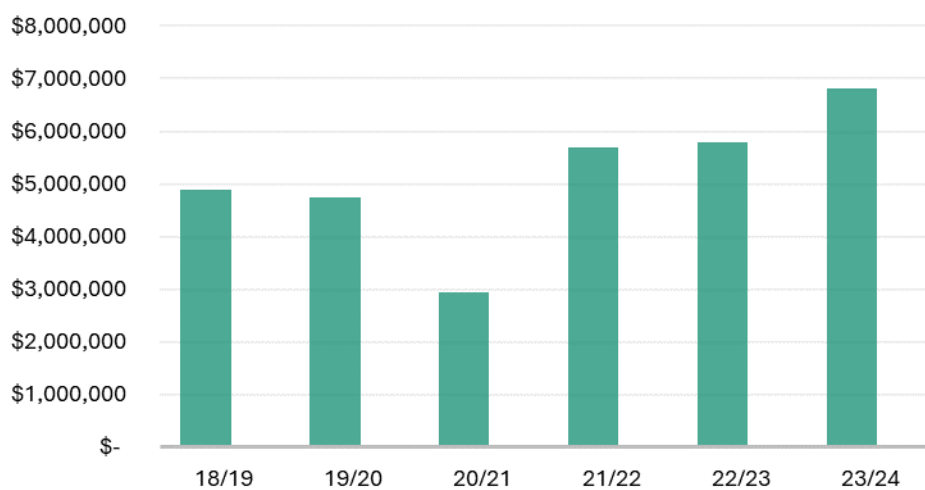
Cyber Security

An increasing number of organizations, including school districts, are experiencing cyber security incidents. A successful cyber security attack can cause downtime, privacy breaches and money loss.

International Education

International Education is a significant contributor to the District’s overall financial status. In 2023-2024, the program provided the District with an additional \$6.8 million to support the overall school district, in addition to providing schools with 53.5 teacher FTE and \$0.5 million in grants. Projected demographics within schools, availability of home stay families and lingering impacts of the COVID-19 pandemic all impact the future of this program.

International Education Financial Contribution



Unrestricted Operating Surplus (Contingency)

The District currently holds an unrestricted operating surplus (contingency) of \$1.0 million. 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 expenses, which is minimum of \$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.