



# FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2023

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# Financial Statement Discussion and Analysis For the Year Ended June 30, 2023

The following is a discussion and analysis of the financial performance of Nanaimo Ladysmith Public Schools (NLPS) for the fiscal year ended June 30, 2023. This report is a summary of the district's financial activities based on currently known facts, decisions, and conditions. The results of the current year are discussed in comparison with the prior year and budget. This report should be read in conjunction with the district's financial statements.

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**NANAIMO LADYSMITH PUBLIC SCHOOLS RESIDES WITHIN THE TRADITIONAL TERRITORIES OF THE SNUNEYMUXW, SNAW-NAW-AS AND STZ'UMINUS FIRST NATIONS.**



## Overview of Nanaimo Ladysmith Public Schools

Nanaimo Ladysmith Public Schools is the second largest school district on Vancouver Island and resides within the traditional territories of the Snuneymuxw, Snaw-Naw-As and Stz'uminus First Nations. In addition, the district is a proud community partner with the Tillicum Lelum Aboriginal Friendship Centre and the Mid Island Metis Nation.

The district is proud to provide quality education for approximately 15,350 students in twenty-seven elementary & one primary school, eight secondary schools (including Learning Alternatives and Career Technical Centre), and one distributed learning school - Island Connect Ed (K-12).

The district encompasses the City of Nanaimo, the towns of Ladysmith and Lantzville, Gabriola Island, North Oyster, Cedar and many other communities which represent a population of 132,623 (2021 census), and we are one of the fastest growing communities in Canada. The district's annual consolidated budget is \$194.7 million.

### FUNDED HEADCOUNT ENROLMENT BY GRADE

	KINDERGARTEN	PRIMARY	INTERMEDIATE	SECONDARY	OTHER	TOTAL
ALL STUDENTS	1,054	3,323	4,662	6,299	18	15,356
INDIGENOUS STUDENTS	174	528	754	1,055	-	2,511
STUDENTS WITH DIVERSE NEEDS	31	173	445	671	-	1,320

*Note: Info above obtained from the 1701 report as at September 30, 2023.*



## STRATEGIC PLAN

Our strategic plan defines the key areas of focus as we work together to support student learning in order to achieve our vision of Success for All. The results of the 2022/23 fiscal year were guided by the vision, mission, and values set by the Board of Education which are as follows:

### VISION

Courageous, innovative, inclusive and personalized learning community that inspires success for all.

### MISSION

To educate all students to become confident, curious and caring citizens by creating an inspiring, inclusive and healthy environment to work, learn and play.

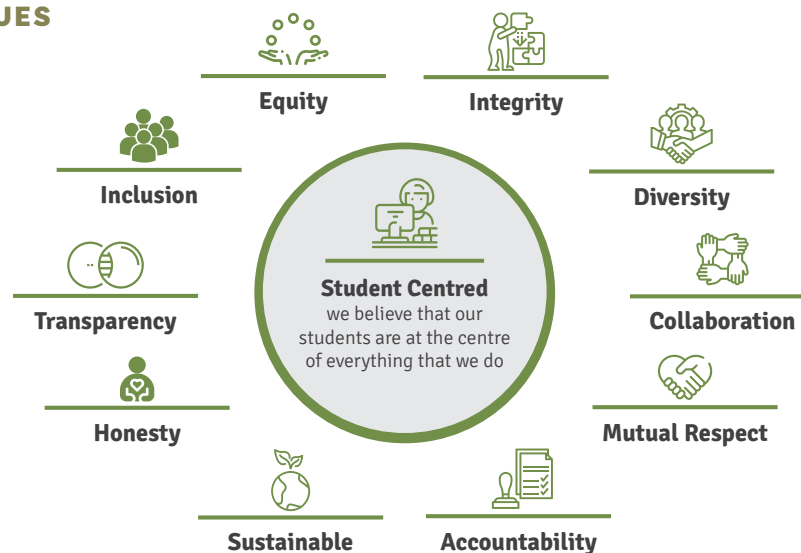
### GOALS

The district's goals and objectives are guided by the four goals of the Board's Strategic Plan:

- Continuous improvement in students with complex and unique abilities, Indigenous and overall student population on student achievement
- Safe, caring and healthy learning and working environment that is inclusive of the diversity of our entire learning community
- To be a leader in environment stewardship and sustainability
- Truth and reconciliation

YEAR	SEPTEMBER ENROLMENT	FULL YEAR ENROLMENT	OPERATING FUNDING	PER PUPIL
2013/14	13,201	13,469	\$114,582,966	\$8,507
2014/15	12,878	13,151	\$112,984,200	\$8,591
2015/16	13,067	13,374	\$114,052,753	\$8,528
2016/17	13,427	13,754	\$117,892,435	\$8,572
2017/18	13,728	14,032	\$121,878,363	\$8,686
2018/19	14,035	14,298	\$127,077,630	\$8,888
2019/20	14,295	14,561	\$132,461,131	\$9,097
2020/21	14,309	14,620	\$134,492,365	\$9,199
2021/22	14,771	14,960	\$144,613,980	\$9,667
2022/23	14,915	15,113	\$146,989,366	\$9,726

## VALUES





# Understanding Nanaimo Ladysmith Public Schools Financial Statements

The district uses fund accounting and deferral accounting and each of its funds has certain restrictions in accounting for funds received and expended. These methods are primarily used in the public sector where the goal is to avoid budget deficits while providing the greatest benefit to the public by strategically allocating the resources that are available. In this respect, school districts are expected to ensure that available funds are being used in the most efficient way possible to maximize the potential benefit of each dollar and in the specific manner for which they were intended.

## The district's financial statements include the following audited statements:

### Statement of Financial Position (Statement 1)

-Presents the district's financial assets, liabilities, net assets, and accumulated surplus as of June 30th of each year.

### Statement of Operations (Statement 2)

-Summarizes the district's revenues, expenses, and surplus (deficit) from July 1, 2022 – June 30, 2023. This statement is reported as a consolidation of the three funds: Operating, Special Purpose, and Capital.

### Statement of Changes in Net Financial Assets (Debt) (Statement 4)

-Explains the difference between the annual surplus or deficit and the change in net financial assets (debt).

### Statement of Cash Flows (Statement 5)

-Shows cash inflow and outflows through operational, capital, financing, and investment activities.

The notes to the financial statements provide information regarding the district's accounting policies and details what is included in the account balances in the financial statements. Following the notes to the financial statements are supplementary unaudited schedules that provide information about the individual funds.

## CHANGES IN ACCUMULATED SURPLUS (DEFICIT) (SCHEDULE 1)

Summarizes the surplus (deficit) for the year and accumulated surplus amounts for each of the three funds (Operating, Special Purpose, and Capital Funds).

## OPERATING FUND (SCHEDULE 2)

Includes revenues and expenses related to the operation of the district, including school and administrative functions.

School districts are not permitted to budget for or incur an accumulated deficit position. Accumulated surpluses can be used if planned expenditures for the year are estimated to exceed revenues thus balancing the budget, for future expenditures, multi-year initiatives not able to be funded by the annual operating grant.

## SPECIAL PURPOSE FUND (SCHEDULE 3)

Includes funding that is restricted for a specific purpose and school generated funds.

Surplus for the year and Accumulated Surplus are always zero because revenues are only recognized when the related expenditures occur (deferral accounting).

Any special purpose funds that are unspent at the end of the year remain with the district and are referred to as deferred revenue. Deferred revenue may be used in the following fiscal year, but only spent in accordance with their original intended purpose. Funding parties do have the ability to request unspent revenue to be returned, however this rarely occurs.

If expenditures in a year exceed revenues, the resulting deficit is transferred to the Operating or Capital Fund in that year, depending on the nature of expenditures.

## CAPITAL FUND (SCHEDULE 4)

Includes financial activities related to tangible capital assets.

Capital funding from the Province is accounted for using deferral accounting, whereby capital revenue is recorded in the financial statements over the life of the related asset in order to match the amortization expense. Therefore, capital fund revenue is not equal to the actual capital funding received in a year.

Capital fund revenues, expenses and surplus (deficit) for the year are not meaningful measurements of financial performance.



## **CATEGORIES OF EXPENSE**

The Ministry of Education and Child Care provides direction as to how Revenues and Expenses are to be captured and reported within our financial system and on our financial reports. Our General Ledger is set up under these parameters in alignment with all school districts in the province, allowing the Ministry to consolidate them up into their financial statements, and report out to the public on the sector as a whole.

For reference purposes the Ministry requires that we segregate costs within our General Ledger and report these costs under the following segments: Funds, Functions, Programs and Objects and examples of each segment, applicable to district expenses, are provided below.

### **FUNDS**

Operating, Special Purpose (each unique Special Purpose Fund has its own Fund identifier) and Capital (Includes the Capital and Local Capital Funds).

### **FUNCTIONS**

Instruction, District Administration, Operations and Maintenance, and Transportation and Housing.

### **PROGRAMS**

Instruction, Career Programs, Library, Counselling, Special Education, Early Learning and Child Care, English Language Learners, Indigenous Education, School Based Administration, International Students, School District Governance, District Administration, Maintenance and Operations, Grounds Maintenance, Transportation, and Utilities.

### **OBJECTS**

Salaries broken into categories of Teachers, Administrative Officers (Principals/Vice Principals), Education Assistants, Support Staff (includes all but EA's), Other Professional (Trustees and Excluded Staff), Substitutes (includes replacement and release time), Employee Benefits, Services, Student Transportation, Professional Development and Travel, Rentals and Leases, Dues & Fees, Insurance, Interest, Supplies, and Utilities.

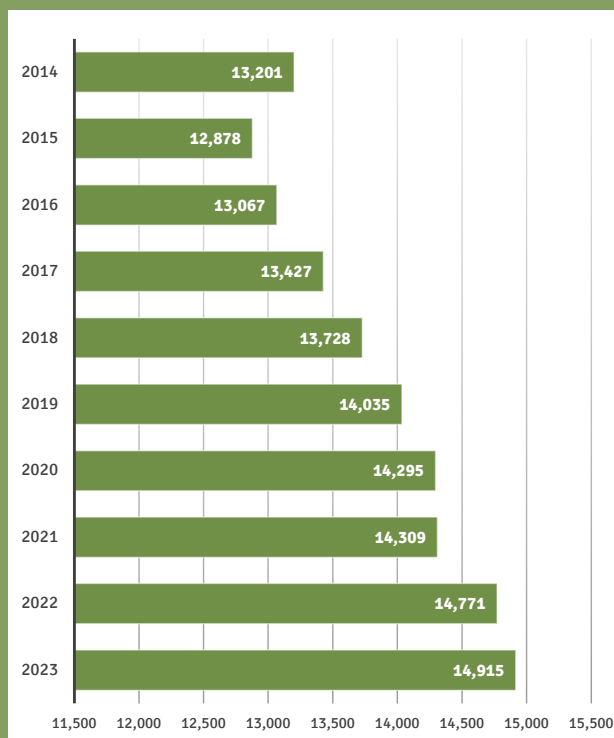
# Financial Highlights

The district saw an increase in enrolment of 144.63FTE, which resulted in a 1.64% (2.4M) increase from 2021/22 in the Ministry of Education and Child Care operating grant.

2022/23 also included a number of significant capital asset transactions including the following:

- Completion of the Cilaire Elementary and Pleasant Valley Elementary seismic upgrades.
- Completion of the child care facilities at Forest Park Elementary, Chase River Elementary, and Ladysmith Primary, and continuous work on the child care facilities at Rock City Elementary, Qwam Qwum Stuwixwuhl School, Georgia Avenue Elementary, and Seaview Elementary.
- **Substantial completion of the Ecole Hammond Bay Elementary Expansion**
- Completion of the Dover Bay Secondary Expansion
- Continuous investment in network and classroom technology
- Purchase of 3 electric busses as well as charging station infrastructure
- Completion of the Ladysmith Secondary ventilation project
- Completion of the Cedar Secondary HVAC project
- Continuous work on the Ladysmith Intermediate ventilation project

## SEPTEMBER FTE ENROLMENT BY FISCAL YEAR



## ENROLMENT (FTE) PER MINISTRY OF EDUCATION

SEPTEMBER	2022/23	2021/22	DIFFERENCE
Standard (Regular) Schools	14,342.94	14,112.38	230.56
Continuing Education	-	-	-
Adult Education	4.88	2.88	2.00
Alternate Schools	285.00	289.00	(4.00)
Distributed Learning	282.56	366.50	(83.94)
<b>Total Enrolment</b>	<b>14,915.38</b>	<b>14,770.76</b>	<b>144.62</b>
<b>INCLUDED IN TOTAL ENROLMENT (CATEGORIES THAT RECEIVE ADDITIONAL PER STUDENT FUNDING)</b>			
Designated Students	793.00	774.00	19.00
English Language Learning	927.00	909.00	18.00
Indigenous Education	2,511.00	2,469.00	42.00

The district continues to see a growth in enrolment, as illustrated in the charts above.





- Continuous work on the John Barsby HVAC project (phase 1 is complete, now working on phase 2)
- Continuous work on the Brechin HVAC project (phase 1 is complete, now working on phase 2)
- Commencement of the Cedar Secondary dust extractor project
- Various building upgrades, including lighting, roofing, flooring, and exterior paint
- Continuous work on the North Oyster Building Envelope project





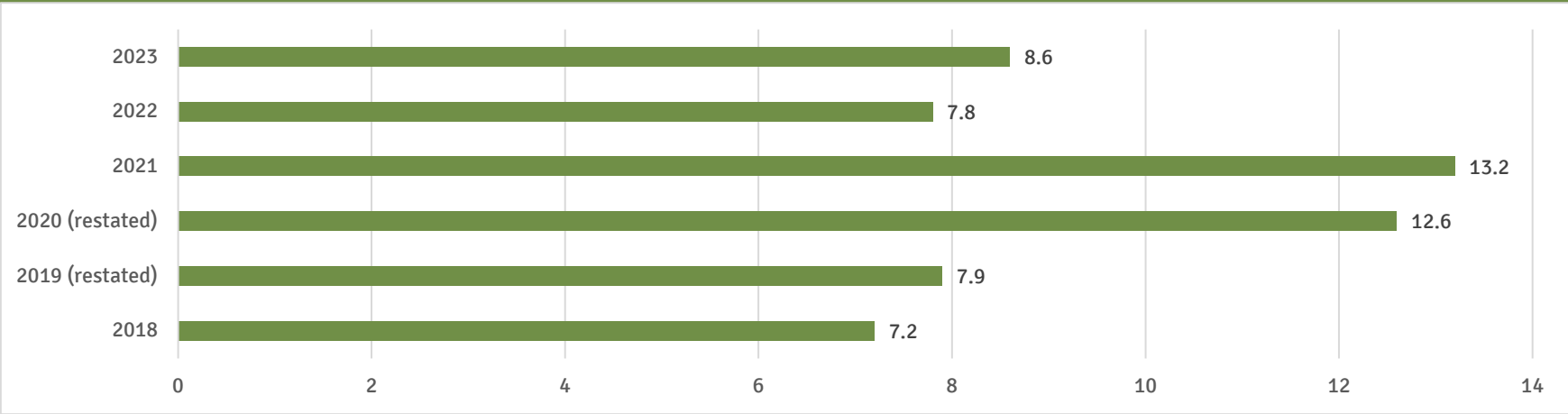
**The Accumulated Operating Surplus represents the total operating surplus available for future use and consists of the prior year carried forward accumulated operating surplus balance plus any current year operating surplus (deficit), less fund transfers. The 2022/23 surplus position is illustrated in the chart below and reflects the following:**

- The carry forward of the \$7.8M accumulated operating surplus from the 2021/22 year
- The current year operating surplus of \$3.1M
- A transfer of \$1M from the Operating Fund to Local Capital for specific capital projects including the district’s technology plan and Wi-Fi initiative
- A transfer of \$1.3M from the Operating Fund to Local Capital representing the tangible capital asset purchases made in the Operating Fund. These purchases primarily consisted of a vehicle, classroom equipment, and various Information Technology hardware.

*Note: The 2019 and 2020 balances are restated due to the recognition of the extended health and dental benefit premium balance in 2021. Refer to page 13 for additional information on the district’s surplus balance.*

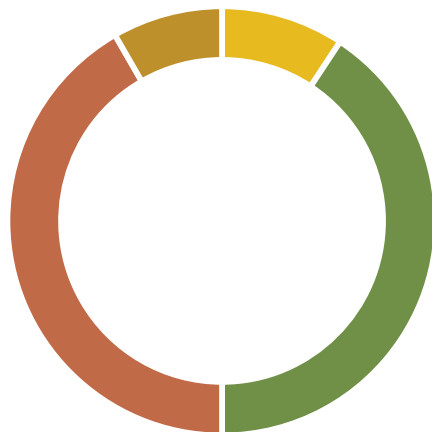


**ACCUMULATED OPERATING SURPLUS  
BALANCE BY FISCAL YEAR (\$MILLIONS)**



## Financial Analysis

### FINANCIAL POSITION ALLOCATION



- Total Financial Assets (22/23: 9%; 21/22: 11%)
- Total Non-Financial Assets (22/23: 41%; 21/22: 40%)
- Total Financial Liabilities (22/23: 42%; 21/22: 41%)
- Accumulated Surplus (22/23: 8%; 21/22: 8%)

	2022/23	2021/22 (RESTATED)	\$ CHANGE	% CHANGE
Financial Assets	48,104,691	52,675,439	(4,570,748)	-8.68%
Non-Financial Assets	211,229,995	197,679,511	13,550,484	6.85%
<b>Total Assets</b>	<b>259,334,686</b>	<b>250,354,950</b>	<b>8,979,736</b>	<b>3.59%</b>
Liabilities	216,203,938	207,406,336	8,797,602	4.24%
Accumulated Surplus	43,130,748	42,948,614	182,134	0.42%

### FINANCIAL ASSETS

Financial Assets include cash and cash equivalents, receivables, and portfolio investments. The decrease in financial assets from 2021/22 resulted primarily from changes in the following District accounts:

- Decrease of \$2.7M in the cash and cash equivalents balance primarily due to the district's continuous work on the child care studios funded by the Ministry of Education and Child Care of which a large portion of the funds spent this year were received in the previous year.
- Decrease of \$2.9M in receivables from the Ministry of Education and Child Care. This is primarily due to a reduction in capital funding receivable of \$2.6M as there are less large capital projects underway at June 30 2023 in comparison to 2022.
- Increase in portfolio investments of \$749k due to the district re-investing one of the Guaranteed Investment Certificates (GIC) into a longer term plus an additional \$1.5M, offset by the maturity of other Guaranteed Investment Certificates that were deposited into the general operating account (700k).

### NON-FINANCIAL ASSETS

Non-financial assets include tangible capital assets and prepaid expenses. Tangible capital assets (TCA) are used in providing the services of the district and include buildings, furniture & equipment, technology, and vehicles purchased, constructed or contributed to the district. The increase in non-financial assets is primarily related to the increase in TCA with new assets purchased totalling \$24.2M less amortization of \$10.5M.

**Total 2022/23 TCA additions (including WIP) and their funding sources include the following:**
*This information is a total of the additions found on schedule 4A and 4B of the financial statements by funding source.*
**NON-FINANCIAL ASSETS (CONT.)**

Capital assets are purchased using various funding sources including Operating Funds, Other Grants, Ministry Capital Grants authorized under Certificate of Approvals, and the district's own Local Capital Funds. Projects that are not completed during the fiscal year are accumulated in Work in Progress (WIP) accounts, and the total value of the addition is added to the Capital account once the project is complete.

FUNDING SOURCE	SITES	BUILDINGS	FURNITURE & EQUIPMENT	VEHICLES	SOFTWARE	HARDWARE	TOTAL
Ministry of Education and Child Care	-	11,473,389	867,903	692,253	-	56,531	13,090,076
Other Grants	124,379	4,382,947	60,990	372,204	-	-	4,940,520
Operating Fund	-	-	283,191	46,936	-	946,076	1,276,203
Special Purpose Funds	-	561,944	173,971	-	-	28,639	764,554
Local Capital	236,471	1,466,403	1,152,027	229,636	-	547,841	3,632,378
Capital Lease	-	-	-	-	-	488,926	488,926
<b>Total</b>	<b>360,850</b>	<b>17,884,683</b>	<b>2,538,082</b>	<b>1,341,029</b>	<b>-</b>	<b>2,068,013</b>	<b>24,192,657</b>

**TCA additions and their funding sources during 2022/23 include the following:**

PROJECT	MINISTRY OF EDUCATION AND CHILD CARE	OTHER GRANTS	OPERATING FUND	SPECIAL PURPOSE FUNDS	LOCAL CAPITAL	TOTAL 2022-23 EXPENDITURES	PREVIOUS YEAR'S EXPENDITURES	TOTAL SPENT TO DATE *
Child Care Studios - Chase River, Forest Park, Rock City, Seaview, and Georgia Avenue Elementary Schools, Ladysmith Primary, and Qwam Qwum Stuwixwuhl	-	-	-	-	-	4,332,099	4,250,872	8,582,971
Ecole Hammond Bay Expansion	3,358,037	--	-	-	-	3,358,037	8,543,125	11,901,162
Information Technology - including laptops, computers, servers, projectors, document cameras, Ipads, flash array memory storage	-	-	946,076	28,639	547,841	1,522,556	-	1,522,556
Pleasant Valley Elementary Seismic	1,471,025	-	-	-	-	1,471,025	4,537,157	6,008,182
WiFi Upgrades - Various locations	210,314	-	-	-	1,227,252	1,437,566	1,037,383	2,474,949
Cilaire Elementary Seismic	1,389,499	-	-	-	-	1,389,499	6,780,202	8,169,701
Dover Bay Secondary Addition	1,369,299	-	-	-	-	1,369,299	760,925	2,130,224
3 Electric Busses/Charging Station Infrastructure	713,187	390,204	-	69,201	157,074	1,329,666	-	1,329,666
Ecole North Oyster Building Envelope	853,879	-	-	-	-	853,879	34,633	888,512
John Barsby Secondary HVAC	708,533	-	-	53,596	-	762,129	54,173	816,302
Roofing - various locations	512,761	-	-	-	-	512,761	973	513,734
Ladysmith Secondary Ventilation	126,600	-	-	249,739	86,043	462,382	24,892	487,274
Cedar Secondary HVAC	-	-	-	-	407,161	407,161	400,000	807,161
Various furniture & equipment (e.g. office furniture, desks, chairs, blinds, fitness equipment)	-	-	283,191	104,771	-	387,962	-	387,962
Ladysmith Intermediate Ventilation	383,469	-	-	-	-	383,469	90,467	473,936
Site Acquisition - View Street	-	124,379	-	-	236,471	360,850	-	360,850
Brechin Elementary HVAC	32,512	-	-	-	318,239	350,751	33,159	383,910

*(Continued on next page)*

(Continued)



PROJECT	MINISTRY OF EDUCATION AND CHILD CARE	OTHER GRANTS	OPERATING FUND	SPECIAL PURPOSE FUNDS	LOCAL CAPITAL	TOTAL 2022-23 EXPENDITURES	PREVIOUS YEAR'S EXPENDITURES	TOTAL SPENT TO DATE *
Dover Bay Secondary Transformer	226,652	-	-	-	-	226,652	-	226,652
Cilaire Elementary Parking Lot	218,446	-	-	-	-	218,446	-	218,446
Randerson Elementary Field Drainage	157,175	-	-	-	-	157,175	-	157,175
Cilaire Elementary Playground	150,768	-	-	-	-	150,768	-	150,768
School Signs - Dover Bay Secondary	-	-	-	-	148,163	148,163	1,651	149,814
Outdoor Learning Spaces/Gardens	-	-	-	-	125,416	125,416	33,944	159,360
Ladysmith Intermediate Seismic Concept Plan	-	-	-	-	98,790	98,790	-	98,790
Ford E450 Cube Truck	-	-	-	-	81,179	81,179	-	81,179
Building Envelope Projects - Various Locations	67,477	-	-	-	-	67,477	89,218	156,695
Ford Maverick Truck	-	-	46,936	-	-	46,936	-	46,936
Ladysmith Secondary - Interior Construction Upgrades	42,694	-	-	-	-	42,694	-	42,694
Cedar Secondary Dust Extractor	39,573	-	-	-	-	39,573	-	39,573
Learning Studios V5	-	-	-	-	31,714	31,714	94,054	125,768
Wellington Secondary Multi-Use Games Area	-	-	-	-	26,629	26,629	89,505	116,134
Accessibility Projects - Ceiling Lifts	-	-	-	-	22,551	22,551	-	22,551
School Enhancement Project - ENO Traffic Safety	-	-	-	-	16,833	16,833	21,000	37,833
Video Surveillance System - John Barsby Secondary	-	-	-	-	15,842	15,842	-	15,842
Ecole North Oyster Seismic Planning	-	-	-	-	13,717	13,717	-	13,717
Other Projects including site servicing, facility upgrades, mechanical and electrical system upgrades, and functional improvements.	1,058,176	93,838	-	258,608	71,463	1,482,085	-	1,482,085
<b>Total</b>	<b>13,090,076</b>	<b>4,940,520</b>	<b>1,276,203</b>	<b>764,554</b>	<b>3,632,378</b>	<b>23,703,731</b>	<b>26,877,333</b>	<b>50,581,064</b>

\*Total spent to date is the total spent on the specific projects being worked on in 2022/23 not total spent historically (for e.g. the Wi-Fi upgrades total spent to date includes the total spent in previous year's on projects that were still underway during 2022/23 but does not include the total investment the district has made on Wi-Fi initiatives)

## LIABILITIES

Liabilities are obligations of the district to others arising from prior transactions, the settlement of which will require the use of current and future financial assets. The increase in liabilities from 2021/22 resulted mainly from changes in the following accounts:

- Increase in deferred capital revenue resulting from the receipt of Ministry of Education and Child Care funding for projects funded by the various capital programs, less the current year's amortization (\$8.8M).
- Newly recognized capital lease obligation resulting from the district entering into a five-year lease for multi function printer devices (\$489k)
- Decrease in deferred revenue due to the district spending some of the previous year's deferred balances as well as the spending of grants received during the year (\$476k). The largest change was the Federal Safe Return to Class Ventilation Funding of which \$249k was remaining as unspent at the 2021/22 year-end and was fully spent in 2022/23 in order to complete the Ladysmith Secondary ventilation project. Refer to the Special Purpose Fund section of the FSDA for additional details on the change in deferred revenue.

**ACCUMULATED SURPLUS**

Accumulated surplus or deficit represents the net assets or debt of the district. The district had a surplus for the 2022/23 fiscal year and continues to be in an accumulated surplus position. Accumulated Surplus is comprised of the following components:

	2022/23	2021/22 (restated)	\$ Change
<b>Operating Fund:</b>			
Restricted Surplus Reserve for Anticipated Unusual Expenses	984,271	1,000,000	(15,729)
Restricted Surplus Reserve for Financial Constraints/ Targeted Funds	3,708,693	3,376,171	332,522
Restricted Surplus Reserve for Operations Spanning Multiple School Years	1,186,346	697,710	488,636
<b>Total Internally Restricted</b>	<b>5,879,310</b>	<b>5,073,881</b>	<b>805,429</b>
Unrestricted Surplus	2,700,000	2,744,479	(44,479)
<b>Total Accumulated Operating Surplus</b>	<b>8,579,310</b>	<b>7,818,360</b>	<b>760,950</b>
<b>Capital Fund:</b>			
Investment in Tangible Capital Assets	29,935,253	27,909,196	2,026,057
Local Capital	4,616,185	7,221,058	(2,604,873)
<b>Total Capital Surplus</b>	<b>34,551,438</b>	<b>35,130,254</b>	<b>(578,816)</b>
Total Accumulated Operating Surplus	8,579,310	7,818,360	760,950
Total Capital Surplus	34,551,438	35,130,254	(578,816)
<b>Total Accumulated Surplus</b>	<b>43,130,748</b>	<b>42,948,614</b>	<b>182,134</b>
<i>Proposed transfer to Local Capital from Unrestricted Operating Surplus</i>	2,700,000	1,000,000	1,700,000
Revised Unrestricted Operating Surplus balance, pending Board approval	-	1,744,479	(1,744,479)
Revised Local Capital balance, pending Board approval	7,316,185	8,221,058	(904,873)

The **Anticipated Unusual Expenses Reserve** is for identified one-time or intermittent projects not able to be funded by current year revenues. The \$984k in fiscal 2022/23 are funds reserved to respond to the Class Size and Composition Language (LOU17) in the event that after the September 30 compliance requirement additional staffing is required (\$250k). In addition, there are funds reserved in case the 2023-24 replacement costs exceed budgeted levels due to the ongoing uncertainty with the Employment Standards Act regulations and post pandemic usage (\$250k), and funds for additional ELL and EA support (\$484k).

The **Financial Constraints/Targeted Funds Reserve** is to restrict funds that the district is committed to spend on a specific or targeted purposes. These commitments may be legally binding (e.g., professional development funds outlined in collective agreements), or implied but not legally binding (e.g., donated funds not explicitly restricted by the donor). Significant amounts included in this reserve include the benefit premium balance available to reduce future benefit expenditures (\$2.5M), funding received in 22/23 specifically for 23/24 Integrated Child and Youth (ICY) teams (\$717k), unspent Teacher Mentorship grant (\$259k), and unspent Indigenous Education Programs funding (\$144k).

The **Operations Spanning Multiple School Years Reserve** is meant for situations where operating funds may need to be carried over to future years. Significant amounts included in this reserve are funds to support reopening Rutherford elementary (\$600k), district/school equipment needs (\$250k), unspent school balances from the prior year (\$223k), and purchase orders undelivered at June 30th (\$100k).

See financial statement note 13 for a complete list.

There is also a recommended direct transfer to Local Capital to support the district's annual technology plan as well as to support planned projects and future capital acquisitions. The Local Capital balance (\$4.6M) represents the accumulated surplus in the Capital Fund over which the district has discretion for allocation to strategic capital projects. The following summarizes the Local Capital balance as at June 30, 2023.



*Note 1: WIP (Work In Progress) is equal to the costs incurred in previous years for projects not yet complete at the end of 2021/22.*

*Note 2: The total Local Capital expenditures do not directly tie to the capital additions out of Local Capital due to a few projects not considered capital in nature for accounting purposes. Therefore the expenditure is included in the schedule above, but not in the TCA additions schedule.*

<b>Local Capital 2022/23</b>					
<i>June 30 2023</i>					
<u>Revenue</u>	WIP - Work in Progress prior Year	2022/23 Budget	Financial Statements - June 30 2023	Interfund transfer expense recovery	Budget Remaining
Deferred Revenue per Financial Statements		7,221,058	7,221,058		
Planned carry-forward for to support three-year planning					
Estimated additional carry-forward (Variance from Budget)					
		<u>7,221,058</u>	<u>7,221,058</u>		
<u>Operating Fund and/or Accumulated Surplus Transfers</u>					
Transfer necessary to support three-year planning		-	-		
Technology / Infrastructure Upgrades		1,000,000	1,035,546		
<i>Total Transfer from Operating</i>		<u>1,000,000</u>	<u>1,035,546</u>		
Investment Income		200,000	237,421		
<b>Total Revenue</b>		<b><u>8,421,058</u></b>	<b><u>8,494,025</u></b>		
<u>Planned Local Capital Projects</u>					
<b>Board Goal - Continuous improvement in students with complex and unique abilities, Indigenous and overall student population on student achievement</b>					
Equitable Access to Technology (Wi-Fi)	755,643	1,500,000	1,227,252	(31,114)	303,862
Technology Plan		1,000,000	547,841		452,159
Learning Studios		275,000	31,714		243,286
<b>Board Goal - To be a leader in environmental stewardship and sustainability</b>					
Solar/ Environmental Initiatives	4,193	250,000	15,425	(4,193)	238,767
Landscape Sustainability Project		10,000	3,327		6,673
Environmental Upgrades - General	33,159	775,000	811,443		(36,443)
E-Bus		175,000	157,074		17,926
Outdoor Learning Fund	88,245	300,000	130,364		169,636
<b>Board Goal - Safe, caring and healthy learning and working environment that is inclusive of the diversity of our entire learning community</b>					
Accessibility		40,000	23,936		16,064
School Enhancement Projects	21,000	88,000	16,833		71,168
<b>Board Goal - Truth and Reconciliation</b>					
Syeyutsus Support	8,257	175,000	34,233		140,767
<b>Long Range Facilities Plan (LRFP)</b>					
Vehicle Replacement Program/AMP		381,179	81,179		300,001
District Equipment/Signage	11,945	200,000	164,005		35,995
Enrollment Growth Space Needs	1,524	750,000	265,482	(1,524)	486,042
School Site Acquisition Fund		400,000	236,471		163,529
Support of Pending/New Capital Projects		211,359	112,507		98,852
Turf Field Reserve		500,000	-		500,000
Claire Parking Lot		50,000	-		50,000
Pleasant Valley HVAC Support		125,000	52,920		72,080
Residual Prior Yr. Project Expense		-	2,664		(2,664)
Contingent Reserve		-	-		-
<b>Total Projects/Expenses</b>	<b>923,964</b>	<b>7,205,538</b>	<b>3,914,671</b>	<b>(36,830)</b>	<b>3,327,698</b>
funds for future years					
		1,215,520	Additional interest/transfer		72,967
			funds for future years		1,215,520
		-	<b>Balance June 30, 2023</b>		<b>4,616,185</b>

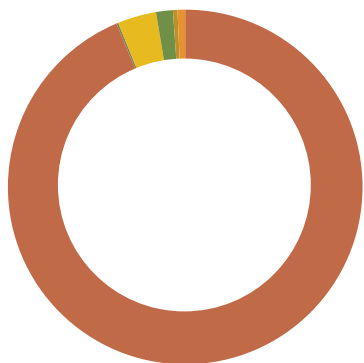


## STATEMENT OF OPERATIONS

The Statement of Operations is a summary of the revenues and expenses from all three funds. Given the different accounting treatment for each of the funds, the Operating, Special Purpose, and Capital Funds are presented and analyzed separately.

CONSOLIDATED STATEMENT OF OPERATIONS				
	Operating Fund	Special Purpose Fund	Capital Fund (restated)	Total
<b>REVENUES</b>				
Provincial Grants				
Provincial Grants - Ministry of Education & Childcare	152,904,386	18,494,377	112,385	171,511,148
Provincial Grants - Other	284,891	88,053	-	372,944
Municipal Grants Spent on Sites	-	-	124,379	124,379
Tuition	5,764,336	-	-	5,764,336
Other Revenue	2,501,949	3,466,819	-	5,968,768
Rentals and Leases	671,436	-	-	671,436
Investment Income	1,138,420	79,630	237,421	1,455,471
Amortization of Deferred Capital Revenue	-	-	6,822,508	6,822,508
<b>Total Revenue</b>	<b>163,265,418</b>	<b>22,128,879</b>	<b>7,296,693</b>	<b>192,690,990</b>
<b>EXPENSES</b>				
Instruction	133,637,611	19,979,038	-	153,616,649
District Administration	6,708,771	472,602	-	7,181,373
Operations and Maintenance	17,965,334	747,431	394,677	19,107,442
Transportation and Housing	1,881,003	165,254	10,557,135	12,603,392
<b>Total Expense</b>	<b>160,192,719</b>	<b>21,364,325</b>	<b>10,951,812</b>	<b>192,508,856</b>
<b>NET TRANSFERS (TO) FROM OTHER FUNDS</b>				
Tangible Capital Asset Purchased	(1,276,203)	(764,554)	2,040,757	-
Local Capital Transfer	(1,035,546)	-	1,035,546	-
<b>Total Surplus (Deficit) for the year</b>	<b>760,950</b>	<b>-</b>	<b>(578,816)</b>	<b>182,134</b>
Surplus (Deficit), beginning of year	7,818,360	-	35,130,254	42,948,614
<b>Surplus (Deficit), end of year</b>	<b>8,579,310</b>	<b>-</b>	<b>34,551,438</b>	<b>43,130,748</b>

## REVENUES



- Provincial - Ministry of Education & Child Care (22/23:93.6%; 21/22:94.3%)
- Provincial - Other (22/23:0.2%; 21/22:0.2%)
- Tuition (22/23: 3.5%; 21/22: 2.9%)
- Other Revenue (22/23: 1.6%; 21/22: 2.0%)
- Rentals and Leases (22/23: 0.4%; 21/22: 0.4%)
- Investment Income (22/23: 0.7%; 21/22: 0.2%)

### PROVINCIAL GRANTS -MINISTRY OF EDUCATION AND CHILDCARE

The increase from prior year in provincial grants from the Ministry of Education and Child Care is due to an increase in the operating grant from the Ministry of (\$2.4M). This is due to higher enrolment (additional 144.63FTE) with no change in the per-pupil funding rate from the previous year. In addition, the district received new funding in the current year including \$5.9M for labour settlement, and \$717k for K-12 ICY Clinical Counsellor funding.

### PROVINCIAL GRANTS OTHER

Other Provincial Grants revenue is in line with prior year. in 2022-23 this balance consists of funds received from the Ministry of Children and Family Development (\$51k), the Industry Training Authority BC (\$211k), and the grants received from the Province for the Seamless Day program (\$23k).

The following chart provides comparisons of 2022/23 actual operating revenues to 2021/22 actual and 2022/23 annual amended budget amounts:

	FISCAL 2022/23		FISCAL 2021/22	DIFFERENCE FROM BUDGET		DIFFERENCE FROM PRIOR YEAR	
	Budget	Actual	Actual	\$	%	\$	%
Provincial Grants - Ministry of Education & Childcare	146,190,852	152,904,386	143,134,229	6,713,534	4.59%	9,770,157	6.83%
Provincial Grants - Other	286,862	284,891	348,112	(1,971)	(0.69%)	(63,221)	(18.16%)
Tuition	5,206,015	5,764,336	4,464,819	558,321	10.72%	1,299,517	29.11%
Other Revenue	2,407,572	2,501,949	3,023,312	94,377	3.92%	(521,363)	(17.24%)
Rentals and Leases	530,000	671,436	481,958	141,436	26.69%	189,478	39.31%
Investment Income	900,000	1,138,420	293,955	238,420	26.49%	844,465	287.28%
<b>Total</b>	<b>155,521,301</b>	<b>163,265,418</b>	<b>151,746,385</b>	<b>7,744,117</b>	<b>4.98%</b>	<b>11,519,033</b>	<b>7.59%</b>

*This information can be found on Schedules 2 and 2A in the financial statements.*

### PROVINCIAL REVENUE - BUDGET COMPARISON:

Revenue from the Province was more than the budget due to the timing of when funding is announced versus when the budget documents are prepared. The Labour Settlement funding, and the ICY Clinical Counsellor funding were announced after the budget was prepared and therefore was not included in the budget (\$6.6M).

### TUITION

Tuition revenue has increased from the prior year due to an increase in the number of International Student Education (ISE) students, an increase in Secondary ISE tuition fees, as well as summer programs now being offered to ISE students over the summer. It is estimated that there were approximately 65.1FTE more ISE students in fiscal 2022/23 compared to 2021/22 (350.5 versus 285.4).



## REVENUES

**OTHER REVENUES:**

Other revenue has decreased from prior year primarily due to a decrease in the Funding from First Nations (\$737k). This decrease is due to the 2021/22 year having a larger balance than normal as a result of an error in 2020/21 where one of the LEA's was not recognized on the nominal roll. To rectify the issue from 2020/21, 2021/22 recognized a larger amount as Funding from First Nations, and a larger amount in the ISC/LEA Recovery line. Also included in other revenue are the funds received from the Conseil Scolaire Francophone which saw a decrease from the prior year as a result of the revised agreement in fiscal 2022-23 (\$212k). These decreases were offset by an increase in miscellaneous revenue of \$198k which included \$92k in Microsoft vouchers, \$88k in rebates from Fortis BC for the boiler replacements done over the year, and an increase in cafeteria revenue of \$163k.

**OTHER REVENUE - BUDGET COMPARISON**

Other revenue is higher than budget primarily due to cafeteria revenue coming in higher than anticipated (\$190k), miscellaneous revenue being higher than budget due to the difficulty in budgeting for these items as a lot of them are not known at the time the budget is prepared (Fortis grants of \$88k, Microsoft vouchers \$92k), offset by lower than budgeted revenue from the Conseil Scolaire Francophone due to the timing of when the 2022-23 agreement was completed (\$145k).

**RENTALS AND LEASES**

The increase in rentals and lease revenue from prior year is all in the community use rentals category and is primarily due to the COVID-19 restrictions being fully lifted in fiscal 2022-23 in addition to a few new larger rental agreements entered into during the year.

**INVESTMENT INCOME**

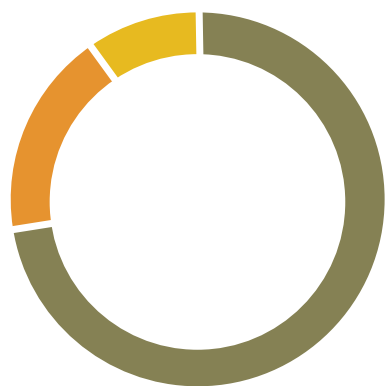
Investment income has increased from prior year due to a significant increase in interest rates over the course of the fiscal year.

The Bank of Canada has increased interest rates by 350 basis points between July 2022 and June 2023. In addition, the district has invested additional funds in Guaranteed Investment Certificates in order to earn a higher amount of investment income.



## EXPENSES

## EXPENSES BY OBJECT



- Salaries (22/23:72.5%; 21/22:72.9%)
- Employee Benefits (22/23:17.9%; 21/22:17.8%)
- Services and Supplies (22/23:9.6%; 21/22:9.3%)

## SALARIES - 2023



- Teachers
- Educational Assistants
- Other Professionals
- Principals & Vice Principals
- Support Staff
- Substitutes

The following chart provides comparisons of 2022/23 actual operating expenses to 2021/22 actual and 2022/23 annual amended budget amounts:

	FISCAL 2022/23		FISCAL 2021/22	DIFFERENCE FROM BUDGET		DIFFERENCE FROM PRIOR YEAR	
	Budget	Actual	Actual	\$	%	\$	%
Salaries	112,313,431	116,217,346	109,632,511	3,903,915	3.48%	6,584,835	6.01%
Employee Benefits	28,252,635	28,595,698	26,851,113	343,063	1.21%	1,744,585	6.50%
<b>Total Salaries &amp; Benefits</b>	<b>140,566,066</b>	<b>144,813,044</b>	<b>136,483,624</b>	<b>4,246,978</b>	<b>3.02%</b>	<b>8,329,420</b>	<b>6.10%</b>
Services & Supplies	16,836,373	15,379,675	13,955,140	(1,456,698)	(8.65%)	1,424,535	10.21%
<b>Total</b>	<b>157,402,439</b>	<b>160,192,719</b>	<b>150,438,764</b>	<b>2,790,280</b>	<b>1.77%</b>	<b>9,753,955</b>	<b>6.48%</b>

This information can be found on Schedules 2B and 2C in the Financial Statements.

## SALARIES &amp; BENEFITS:

90% of the district's operating expenditures are for salaries and benefits. Employee benefits include the employer portion of CPP and EI, payments for the employer health tax, WorkSafeBC, and Pension plan contributions. These costs are charged as a percentage of salaries and increase or decrease in tandem with salary increases or decreases.

The following chart provides comparisons of the 2022/23 actual salaries & benefits to 2021/22 actual and 2022/23 annual amended budget amounts:

	FISCAL 2022/23		FISCAL 2021/22	DIFFERENCE FROM BUDGET		DIFFERENCE FROM PRIOR YEAR	
	Budget	Actual	Actual	\$	%	\$	%
Teachers	68,734,754	71,880,669	67,367,202	3,145,915	4.58%	4,513,467	6.70%
Principals & Vice Principals	9,078,112	9,189,332	8,590,327	111,220	1.23%	599,005	6.97%
Educational Assistants	11,358,923	11,445,371	10,655,729	86,448	0.76%	789,642	7.41%
Support Staff	12,672,136	12,925,774	12,597,376	253,638	2.00%	328,398	2.61%
Other Professionals	4,873,454	5,071,198	4,743,476	197,744	4.06%	327,722	6.91%
Substitutes	5,596,052	5,705,002	5,678,401	108,950	1.95%	26,601	0.47%
<b>Total Salaries</b>	<b>112,313,431</b>	<b>116,217,346</b>	<b>109,632,511</b>	<b>3,903,915</b>	<b>3.48%</b>	<b>6,584,835</b>	<b>6.01%</b>
Employee Benefits	28,252,635	28,595,698	26,851,113	343,063	1.21%	1,744,585	6.50%
<b>Total</b>	<b>140,566,066</b>	<b>144,813,044</b>	<b>136,483,624</b>	<b>4,246,978</b>	<b>4.69%</b>	<b>8,329,420</b>	<b>12.50%</b>

**EXPENSES****TEACHERS**

Increased teacher salaries are the biggest driver of the year over year increase in salaries with an increase of \$4.5M from prior year. This increase in expenditures is primarily due to an increase in budgeted teacher FTE of 1.791 as well as a general wage increase of 3.24% effective July 1, 2022 in addition to grid restructuring (\$427 added to each step of the grid and the elimination of the bottom step of all grids).

**PRINCIPALS AND VICE PRINCIPALS**

The increase from prior year is primarily due to general wage increases. These increases are in part performance based, as well as to align salaries with the revised grid structure approved by the British Columbia Public Schools Employer Association

**EDUCATIONAL ASSISTANTS**

The increase from prior year is primarily due to a general wage increase of 3.24% plus .25 cents effective July 1, 2022. Overall FTE from prior year has decreased slightly by 2.061FTE only due to the discontinuation of some outreach programming that was in effect during COVID-19.

**SUPPORT STAFF**

Increased Support staff salaries are primarily due to a general wage increase of 3.24% plus .25 effective July 1, 2022. Overall FTE from prior year decreased 5.23FTE. This is mainly due to the elimination of the additional custodial staff that were added to address the addition cleaning requirements during COVID-19 (8.394FTE). New Support Staff positions included a 1.0FTE Payroll Specialist, and 1.0FTE New Finance Administrative Assistant.

**OTHER PROFESSIONALS**

The increase from prior year is primarily due to general wage increases. These increases are in part performance based, as well as to align salaries with the revised grid structure approved by the British Columbia Public Schools Employer Association.

**SUBSTITUTES**

Substitute salaries have only increased slightly from prior year. This was expected as effective March 31, 2022, the Employment Standards Act changed, requiring the district to provide 5 paid sick days to all employees (not only pursuant to the Collective Agreement language). The 2022-23 fiscal year was the first full year this was in place.

**EMPLOYEE BENEFITS**

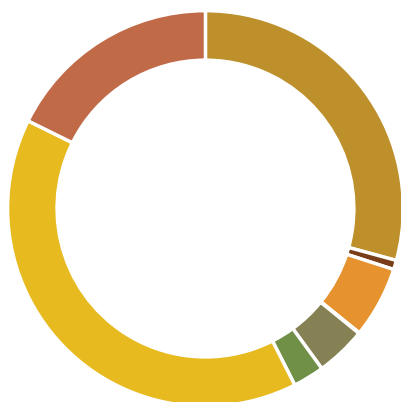
There were minor variances to district benefit rates. Overall, the increase in district benefit costs was due to the increase in employee wages.

**BUDGET COMPARISON**

Budget figures are less than expected due to timing of when the revenue from the Ministry of Education and Child Care was approved for the general wage increases as it was after the amended budget was finalized.

## EXPENSES

## SERVICES AND SUPPLIES



- Services
- Student Transportation
- Pro-D & Travel
- Rentals & Leases
- Dues & Fees
- Insurance
- Supplies
- Utilities

The following chart provides comparisons of the 2022/23 actual various service and supply categories to 2021/22 actual and 2022/23 annual amended budget amounts:

	FISCAL 2022/23		FISCAL 2021/22	DIFFERENCE FROM BUDGET		DIFFERENCE FROM PRIOR YEAR	
	Budget	Actual	Actual	\$	%	\$	%
SERVICES	5,111,190	4,494,707	4,001,685	(616,483)	(12.06%)	493,022	12.32%
STUDENT TRANSPORTATION	114,268	116,791	67,906	2,523	2.21%	48,885	71.99%
PRO-D & TRAVEL	935,277	896,957	642,752	(38,320)	(4.10%)	254,205	39.55%
RENTALS & LEASES	8,395	8,088	52,963	(307)	(3.66%)	(44,875)	(84.73%)
DUES & FEES	722,033	633,775	751,755	(88,258)	(12.22%)	(117,980)	(15.69%)
INSURANCE	373,800	392,571	375,632	18,771	5.02%	16,939	4.51%
SUPPLIES	6,986,707	6,116,009	5,303,818	(870,698)	(12.46%)	812,191	15.31%
UTILITIES	2,584,703	2,720,777	2,758,629	136,074	5.26%	(37,852)	(1.37%)
<b>TOTAL</b>	<b>16,836,373</b>	<b>15,379,675</b>	<b>13,955,140</b>	<b>(1,456,698)</b>	<b>(8.65%)</b>	<b>1,424,535</b>	<b>10.21%</b>

**SERVICES**

Examples of expenditures in this category include but are not limited to professional services (legal, audit, consultants, contractors), district cell phones, software contracts, and International Student Education (ISE) agent fees and medical fees. The \$493k increase from prior year is primarily due to an increase in ISE agent and medical fees due to an increase in the number of ISE students the district welcomed in the 2022/23 fiscal year. Variance from budget is largely due to an underspend in the software contracts budget, and lower professional services fees than anticipated.

**STUDENT TRANSPORTATION**

These costs are the operating costs for school district owned busses used to provide transportation for students, as well as the costs for transportation assistance which are funds provided to eligible students to assist with the cost of transportation where a bus is not available, and for those living on Protection Island.

## OPERATING FUND

## EXPENSES

**PROFESSIONAL DEVELOPMENT & TRAVEL**

Costs included in this category include training and travel, including International Student Education department travel, conference fees, transportation, meals, accommodation, mileage allowances and other relevant expenses. The increase over prior year is primarily due to travel returning back to pre-COVID times, specifically in the International Student Education department which saw a significant decline in expenditures through fiscals 2021-2022.

**RENTALS & LEASES**

Includes costs incurred for rentals of facilities. Decrease from prior year is due to the district no longer requiring space for the NK program as it was moved to Bayview Elementary.

**DUES & FEES**

Includes membership fees, as well as the Career Technical Center's (CTC) fees paid to Vancouver Island University (VIU). Decrease from prior year is primarily due to a decrease in payments to VIU from the CTC.

**INSURANCE**

Includes the cost of insurance premiums and deductibles.

**SUPPLIES**

Costs include the purchase of consumable and non-capital supplies and materials including office supplies, cleaning supplies, food for secondary school cafeterias, learning resources, gas, non capitalized furniture/equipment. Increase from prior year is due to an increase in cafeteria food costs, increase in the cost of gas for the district's white fleet vehicles (this was partially offset by a decrease in expenditures on fuel for the busses due to the addition of electric busses), increase in the cost of cleaning supplies, and the additional costs incurred for the districts share of the 2022 local election.

The variance from the amended budget is primarily due to the capitalization of supplies. If purchases are made out of supply accounts that are capital in nature, they are recorded in the capital fund, however the budget remains resulting in an underspend. The district purchased \$1.2M in capital additions from the operating fund in 2022/23. This was offset by higher than anticipated costs on cafeteria food, and cleaning supplies.

**UTILITIES**

Consists of electricity, natural gas, oil, propane, water, sewage, garbage, and recycling collection. Costs have remained relatively consistent year over year, however the district is still seeing higher than historical costs for natural gas due to the increase air circulation as a result of COVID-19.



## SPECIAL PURPOSE FUNDS



Presented in Schedules 3 and 3A of the financial statement are the Special Purpose Funds. These are restricted grants and funding subject to contractual restriction on its use. These revenues are deferred until the relevant expenditures are incurred. As a result, the revenues recognized during the year are equal to the expenditures incurred, not the revenue received. Any unspent funds at the end of the year are deferred to be spent in the next fiscal year. Note special purpose funds may be clawed back by the funding source in the event they are unspent. This however is very rare, and there are no known claw backs in 2022/23.

The following chart provides comparisons of 2022/23 actual special purpose fund revenue received, and expenditures incurred to 2021/22 actual and 2022/23 annual amended budget amounts.

	FISCAL 2022/23		FISCAL 2021/22	DIFFERENCE FROM BUDGET		DIFFERENCE FROM PRIOR YEAR	
	Budget	Actual	Actual	\$	%	\$	%
Deferred Revenue, beginning of year	1,407,592	3,035,963	2,645,351	1,628,371	115.68%	390,612	14.77%
<b>REVENUE RECEIVED</b>							
Provincial Grants - Ministry of Education & Childcare	17,709,626	18,197,571	16,860,261	487,945	2.76%	1,337,310	7.93%
Provincial Grants - Other	40,288	30,216	35,000	(10,072)	(25.00%)	(4,784)	(13.67%)
Other Revenue	2,709,296	3,345,141	2,861,741	635,845	23.47%	483,400	16.89%
Investment Income	65,000	79,630	16,456	14,630	22.51%	63,174	383.90%
<b>Total Revenue</b>	<b>20,524,210</b>	<b>21,652,558</b>	<b>19,773,458</b>	<b>1,128,348</b>	<b>5.50%</b>	<b>1,879,100</b>	<b>9.50%</b>
<b>EXPENSES</b>							
Salaries	12,350,836	12,850,256	12,214,370	499,420	4.04%	635,886	5.21%
Employee Benefits	3,106,496	3,205,671	3,053,162	99,175	3.19%	152,509	5.00%
Services & Supplies	6,474,470	5,308,398	3,670,316	(1,166,072)	(18.01%)	1,638,082	44.63%
TCA Purchases	-	764,554	444,998	764,554	100.00%	319,556	71.81%
<b>Total Expense</b>	<b>21,931,802</b>	<b>22,128,879</b>	<b>19,382,846</b>	<b>197,077</b>	<b>0.90%</b>	<b>2,746,033</b>	<b>14.17%</b>
Deferred Revenue, end of year	-	2,559,642	3,035,963	2,559,642	100.00%	(476,321)	(15.69%)



## PROVINCIAL GRANTS - MINISTRY OF EDUCATION & CHILDCARE

The increase from prior year is primarily due to the Student & Family Affordability Funds (\$1.5M), and labour settlement funds received for CEF (\$438k), Community Link (\$71k), and Learning Improvement Fund (\$19k). In addition, the district received a new grant in 2022/23 for ECL Early Care & Learning to establish a district lead Early Learning and Child Care position (\$175k).

## PROVINCIAL GRANTS - OTHER

Other Provincial grants has remained consistent with prior year, and consists of revenue received from the Ministry of Tourism, Arts, Culture and Sport for the After School Sport and Arts Initiative (\$30k).

## OTHER REVENUE

The increase in other revenue is primarily due to an increase in school generated funds activity. This is as expected and is largely due to international travel and field trips resuming to pre-covid levels in 2022/23.

## EXPENSES

Overall expenses have increased in all categories from prior year. This is due to the new revenues sources noted above, in addition to an increase in salaries/benefit costs as a result of the general wage increases across all employee groups.

## BUDGET VARIANCE

The variance from budget is due to a higher amount of school generated funds revenue/expenditures in the year, as well as the timing of when the revenue from the Ministry of Education and Child Care was approved for the general wage increase as it was after the amended budget was finalized. This had an impact on the Classroom Enhancement Fund, Community Link, and Learning Improvement Fund Special Purpose Funds.

The following table shows the opening Special Purpose Fund by grant, the funds received in the year, expenditures in the year, and the closing balance to be spent in the next fiscal year.

GRANT NAME	OPENING BALANCE	RECEIVED IN THE YEAR	SPENT DURING THE YEAR	CLOSING BALANCE	PURPOSE OF GRANT
Annual Facility Grant	17,499	555,747	555,746	17,500	Funds for projects required to maintain facility assets through their anticipated economic life and to prevent premature deterioration of these assets.
Learning Improvement Fund	-	517,471	517,471	-	Provides additional resources, specifically targeted to support complex classes that present challenging learning conditions. The district used these funds by allocating an additional hour to each Educational Assistant (EA) budgeted for at the beginning of the school year, increased Supervision Aide positions from 3.3 to 3.5 hours each, and supported 1 additional EA position.
Special Education Equipment	17,863	-	12,044	5,819	Funds for specialized equipment. Purchases in the year included safety rails, activity chair, hammock slings, and student mobility supports.
School Generated Funds	1,628,370	3,233,959	3,224,654	1,637,675	Funds collected at schools for student programs. With schools returning to normal with regards to field trips/international travel there was an increase in expenditures in this category from prior year.
Strong Start	32,849	256,000	274,232	14,617	School based drop in programs for children aged birth to five and their parents or caregivers. The district had 8 Strong Start Facilitators working at 8 elementary schools.
Ready Set Learn	37,086	66,150	73,220	30,016	Events for 3 to 5 year olds and their parents are hosted to support early learning and facilitate a smooth transition to Kindergarten.
Official Languages Education Program (OLEP)	35,628	255,636	291,264	-	Funding for core French-language programs, French Immersion, and curriculum resources.

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# SPECIAL PURPOSE FUNDS

Continued from previous page

Community Link	83,949	2,433,283	2,498,007	19,225	Funding provided to support the academic achievement and social functioning of vulnerable students. With these funds the district staffs 32 Child, Youth & Family Support Workers (CFSW), 3 full-time Coordinators, 2 part-time Speech Pathologists, and 2 part-time Teachers. There is also a \$59k budget to cover expenses needed to go out into the community.
Classroom Enhancement Fund - Overhead	-	1,454,622	1,454,622	-	Funding for added non-teaching staff and equipment needs required as a result of restoration of class size and composition language.
Classroom Enhancement Fund - Staffing	-	10,311,105	10,311,105	-	Funding for added teachers required as a result of restoration of class size and composition.
Classroom Enhancement Fund - Remedies	40,722	356,778	391,049	6,451	Funding to pay for the cost of Teacher Remedies owed in cases where class size or composition contract language cannot be met.
First Nation Student Transportation	80,406	191,947	165,251	107,102	Funds received to support Indigenous students transportation to school and extra-curricular activities.
Mental Health in Schools	86,838	51,000	95,254	42,584	Funding provided to give students with mental health issues equitable learning opportunities. This fund staffs 1CYFSW and covers some related expenses and training.
Changing Results for Young Children	19,135	11,250	15,126	15,259	Funds provided to support Early Learning and Physical Literacy.
Safe Return to School/ Restart: Health & Safety Grant	6,147	-	-	6,147	Provincial funds provided to support additional costs of additional cleaning staff, supplies, face masks, and hand hygiene related to COVID-19. These funds have been spent in fiscal 2023/24.
Federal Safe Return to Class/Ventilation Fund	249,739	-	249,739	-	Funding provided for ventilation in schools. Funds were used for the Ladysmith Secondary Ventilation project which was completed in 2022/23.
Seamless Day Kinergarten	-	55,400	52,974	2,426	Funding for an Early Childhood Educator (ECE) which allows primary school children to attend childcare in a kindergarten classroom. This district used these funds to staff 1 ECE at one school as a pilot project with a small supplies budget.
Early Childhood Education Dual Credit Program	34,218	29,000	48,557	14,661	Funding for highschool students interested in becoming an ECE. This allows students to take post-secondary courses while earning their high school diploma.
Student & Family Affordability Fund	-	1,458,182	1,302,742	155,440	Funding for school districts to increase food security for students and their families, and to support them with affordability concerns they may have.
SEY2KT (Strengthening Early Years to Kindergarten)	-	19,000	10,974	8,026	Funding provides opportunities for school districts and communities to work together to support a smooth transition from home to school.
ECL (Early Care & Learning)	-	175,000	175,000	-	Funding to establish a District Lead ELCC position. The district used these funds for a District Pincipal for Early Learning and Care.
Other Misc. Grants	665,514	221,028	409,848	476,694	These include other grants schools have applied for and received. Some of the grants include Times Colonist Literacy Society grants, Artists in Schools grants, Adopt-A-School Vacnouver Sun grants, Farm to Table/School grants, VIHA Mental Health & Addictions grant, and After School Sport and Art Initatives Funding (ASSAI).
<b>TOTAL</b>	<b>3,035,783</b>	<b>21,652,558</b>	<b>22,128,879</b>	<b>2,559,462</b>	





Presented in Schedules 4, 4A, 4B, 4C, and 4D of the Financial Statements is the Capital Fund. The Capital Fund includes financial activities for tangible capital assets. Capital funding from the province is accounted for using deferral accounting, whereby capital revenue is recorded in the financial statements over the life of the related asset in order to match the amortization expense. Therefore, capital fund revenue is not equal to the actual capital funding received in a year.

The following chart provides comparisons of 2022/23 actual capital fund revenue and expenditures incurred, to 2021/22 actual and 2022/23 annual amended budget amounts.

	FISCAL 2022/23		FISCAL 2021/22 (RESTATED)	DIFFERENCE FROM BUDGET		DIFFERENCE FROM PRIOR YEAR	
	Budget	Actual	Actual	\$	%	\$	%
<b>Revenues</b>							
Provincial Grants - Ministry of Education & Childcare	-	112,385	129,434	112,385	100.00%	(17,049)	(13.17%)
School Site Acquisition Charges	-	124,379	-	124,379	10.00%	124,379	100.00%
Investment Income	200,000	237,421	46,009	37,421	18.71%	191,412	416.03%
Amortization of Deferred Capital Revenue	6,800,000	6,822,508	6,181,594	22,508	0.33%	640,914	10.37%
<b>Total Revenue</b>	<b>7,000,000</b>	<b>7,296,693</b>	<b>6,357,037</b>	<b>296,693</b>	<b>4.24%</b>	<b>939,656</b>	<b>14.78%</b>
<b>Expenses</b>							
Operations and Maintenance	-	394,677	71,992	394,677	100.00%	322,685	448.22%
Amortization of Tangible Capital Assets	10,400,000	10,557,135	9,850,901	157,135	1.51%	706,234	7.17%
<b>Total Expense</b>	<b>10,400,000</b>	<b>10,951,812</b>	<b>9,922,893</b>	<b>551,812</b>	<b>5.31%</b>	<b>1,028,919</b>	<b>10.37%</b>

## REVENUE

### PROVINCIAL GRANTS - MINISTRY OF EDUCATION & CHILDCARE

These funds are the revenue recognized for costs that were considered non-capital and therefore expensed in the capital fund rather than recognized as an increase in deferred capital revenue.

### SCHOOL SITE ACQUISITION CHARGES

These are funds the district used to purchase a property adjacent to Bayview Elementary School.

## INVESTMENT INCOME

Investment Income is allocated to the Capital Fund based on the Local Capital and Ministry Restricted fund balances each quarter.

## AMORTIZATION OF DEFERRED CAPITAL REVENUE

As funds received for capital are spent, they are added to the district's deferred capital revenue balance and the revenue is recognized over the life of the asset using the same rates as amortization expense. Amortization of deferred capital revenue has increased from prior year due to an increase in the number of completed capital projects that were funded by the Ministry of Education and Child Care.

**EXPENSES****OPERATIONS AND MAINTENANCE**

These expenditures represent the costs that were considered non-capital and therefore expensed in the capital fund rather than recognized as an increased to deferred capital revenue.

**AMORTIZATION OF TANGIBLE CAPITAL ASSETS**

Amortization expense increased \$1M from prior year due to the large number of capital additions that were completed during the year, the majority of which were in progress during 2021/22.

**RESTATEMENT**

On July 1, 2022 the School District adopted Canadian Public Sector Accounting Standard PS 3280 Asset Retirement Obligations. This new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of certain tangible capital assets such as asbestos removal in buildings that will undergo major renovation or demolition in the future. This standard was adopted using the modified retroactive approach, which results in the restatement of 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	\$ 25,854,364
Tangible Capital Assets - accumulated amortization	25,716,730
Asset Retirement Obligation	25,854,364
<b>Accumulated Surplus - July 1, 2021</b>	<b>(25,716,730)</b>
Amortization Expense	48,741
Annual Surplus for the year ending June 30, 2022	(48,741)
<b>Accumulated Surplus - June 30, 2022</b>	<b>\$ (25,765,471)</b>

## CAPITAL FUND BALANCES

Found on Schedule 4D of the financial statements are the district's Unspent Deferred Capital Revenue balances. These balances consist of funds that have been received specifically for capital purchases but were not yet spent by June 30, 2023. The balances are as follows:

	2022/23	2021/22	VARIANCE
Ministry of Education and Child Care - Bylaw Capital	60,699	81,099	(20,400)
Ministry of Education and Child Care - Restricted Capital	20,687	19,844	843
Other Provincial Capital	5,524,666	7,693,418	(2,168,752)
Land Capital	47,532	124,379	(76,847)
Other Capital	-	-	-
<b>Total Unspent Deferred Capital Revenue</b>	<b>5,653,584</b>	<b>7,918,740</b>	<b>(2,265,156)</b>

### BYLAW CAPITAL

Bylaw Capital represents Ministry of Education & Child Care capital grants drawn on Certificate of Approval (COA) for capital projects (e.g. Seismic, Expansion, playground equipment funding, Carbon Neutral Capital Funding etc.). Generally, it is expected that this balance would be zero as funds are drawn from the Ministry only as the expenditures are incurred, however the balance in the current year represents funds received from the Ministry for projects in which the expenditures have not yet occurred. This occasionally occurs in special circumstances.

### RESTRICTED CAPITAL

Ministry of Education & Child Care represents the Ministry's portion (usually 75%) of the proceeds on disposal of land and buildings, and any bylaw project surpluses on completed projects. The Ministry's permission must be received to spend these funds. The current balance is a historical balance from a previous project that had a surplus balance.



### OTHER PROVINCIAL CAPITAL

These funds were provided by the Ministry of Children and Family Development, and the Ministry of Education and Child Care for the construction of various child care facilities throughout the district.

### LAND CAPITAL

The balance in the Land Capital Reserve Fund is comprised of School Site Acquisition Charges (SSAC), which municipalities collect on behalf of the district for future school site purchases. Funds in the current year represent the School Site Acquisition Charges collected to date from the District of Lantzville, and the City of Nanaimo.

### OTHER CAPITAL

Other Capital is meant for funds from non-provincial government sources, such as municipal grants. There is currently a zero balance.

# Factors Bearing on Nanaimo Ladysmith Public School's Future

## RISKS

### ENROLMENT

The most significant source of school district funding is generated by the student population. Accurate estimates of enrolment are key for staff and space capacity planning, as well as district budgeting. We anticipate that we will continue to see an increase in enrolment into the 2023/24 school year and are facing significant space challenges at a number of our elementary and secondary schools. With the district's short and longer-term enrolment projected to grow the district anticipates a school opening in the near future, specifically Rutherford Elementary. The reopening will have initial operating costs not covered by our annual Operating Grant for school based and educational resources. Accumulated Operating Surplus is required to cover these additional one-time expenses, in advance of student enrolment growth generating the revenue to support ongoing school based operating costs.

### INFLATION

Inflationary pressures will continue to drive up costs for supplies. With no change in the operating grant to offset these increases, the school district will face budgetary pressures that will make it more difficult to maintain current service levels in the future.

### LEGISLATIVE CHANGE

In 2022-23 the district faced a significant budgetary impact associated with enhanced employee benefits associated with changes to the Employment Standards Act. These changes occurred with minimal warning, and any similar changes could also impact the district's financial position.

### SEISMIC ACTIVITY

The district is located in an active seismic zone. Further, many of our facilities are rated at a high level of risk in the event of seismic activity. Obviously, a major seismic event would have a catastrophic impact on not only our district but also our community; however, even a minor event could put the district's continued use of a number of facilities at risk requiring alternative facilities and the associated expenses.

### TECHNOLOGY

Ministry of Education and Child Care does not provide direct funding for technology; it is expected that the districts Operating Fund will cover such expenditures. The district therefore continues to restrict operating funds towards the annual technology plan which provides for digital learning devices, software applications, hardware, Wi-Fi and network maintenance. We note the ongoing resource allocation best supports student learning, and proactively enhances district technology, however, if funded by the Ministry, resources could be redirected to additional programming aimed at enhancing student outcomes.



## OPPORTUNITIES

### LONG RANGE FACILITIES PLAN

The district’s long-range facilities plan is a key input for Board and staff decisions related to capacity planning in schools and other district facilities. The Board of Education approved the Long-Range Facilities Plan (LRFP) on May 26, 2021. The revised plan focuses on ensuring the district can continue to support the expected enrolment growth, addressing the condition of aging facilities, and enhancing district programs.

In order to mitigate the risk of future capacity issues, the Board has completed a consultation process with respect to addressing capacity issues with potentially impacted communities in the north end of the district and has directed staff to initiate a consultation process to address potentially impacted communities in Ladysmith.

Continued assessment of the Long-Range Facilities Plan ensures that the district is able to make shifts if necessary and is able to respond to emerging pressures if required.

For further information please see note the following website address for an update on the [Long-Range Facilities Plan](#) where the document is referred to as Monitoring our Progress.



## UNCERTAINTIES

### INTERNATIONAL STUDENT EDUCATION

We saw an increased interest in our International Student Education program through 2022-23 and anticipate it will continue into 2023-24; however we have been advised that there is some global uncertainty with international student enrolment and that agents are seeing a “softening of interest” over the last year. Staff will be monitoring this closely; however, the district is optimistic that interest in the program will continue. The district also has the opportunity to expand elementary ISE.

### MINISTRY OF EDUCATION FUNDING FORMULA

The Ministry of Education and Child Care funding formula is the primary driver of district revenues. At this time, we are unaware of any changes that are anticipated in the future, however, any shift’s that may occur could impact the district’s financial position.



## Contacting Nanaimo Ladysmith Public Schools Financial Management

This financial report is designed to provide Nanaimo Ladysmith Public Schools' stakeholders with a general overview of Nanaimo Ladysmith Public Schools' finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Secretary Treasurer's office.



**Nanaimo Ladysmith Public Schools - School District No. 68**

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