

2021/22

FINANCIAL STATEMENT DISCUSSION & ANALYSIS



SCHOOL DISTRICT NO. 62 (SOOKE)

**SCHOOL DISTRICT NO. 62 (SOOKE)
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)
YEAR ENDED JUNE 30, 2022**

The discussion and analysis of School District 62's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2022. The intent of the Financial Statement Discussion and Analysis (FSDA) is to look at the District's performance as a whole. The FSDA should be read in conjunction with the financial statements and note disclosures to enhance the overall understanding of School District 62's financial picture for the year.

THE SCHOOL DISTRICT

The District has over 12,000 students and serves the communities of Sooke, Port Renfrew, Metchosin, Highlands, Langford and Colwood. Surrounded by forests, ocean, mountains and lakes, we are located a short distance from Victoria, the capital city of the province of British Columbia. The District is one of the fastest growing school districts in the province.

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

Our Vision

We honour student voice and choice through engaging, purposeful and experiential learning in a safe and respectful community.

Our Values

– Relationships – Choice – Respect – Integrity – Trust – Safety – Diversity – Equity

FINANCIAL HIGHLIGHTS

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

COVID-19

On March 11th of 2020 the World Health Organization declared the COVID-19 outbreak as a global pandemic. Since this time COVID-19 has had a significant financial, market, and social dislocating impact worldwide. However, 2021/22 saw a return to a sense of normalcy in the District as students received full-time in-class instruction throughout the year. As a result, domestic student enrolment increased by over 6% from the prior year and international student enrolment revenues returned to pre-pandemic levels.

SCHOOL DISTRICT NO. 62 (SOOKE)
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)
YEAR ENDED JUNE 30, 2022

Operating Fund

- For the fiscal year 2021/22, the District Operating Fund had a surplus of \$788,873 (\$131,286,400 in revenues and \$130,497,527 in total expense and capital asset purchases). When added to the balance of \$4,787,255 at the beginning of the year, the accumulated surplus in the Operating Fund ended the year with a balance of \$5,576,128.
- This year-end balance is fully restricted for the following purposes:
 - Due to the nature of constraints on funds: \$ 525,166
 - For operations spanning multiple school years: \$ 1,742,922
 - For anticipated unusual expenses identified by the Board: \$ 3,308,040
- The financial reserve of \$2,508,040 that is restricted for anticipated unusual expenses is 1.8% of the \$139,373,766 Operating Fund expenses budgeted for the year ending June 30, 2023. This balance is compliant with the one-time 3% financial reserve threshold established by the Board.

Special Purpose Funds

- Special Purpose Funds had \$23,751,617 in total expenditures – a decrease of 3% (\$637,000) from the prior year.

Capital Fund

- The District had \$44,830,659 in tangible capital asset additions in the year – an increase of 40% (\$12.8M) from the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

SCHOOL DISTRICT NO. 62 (SOOKE)
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)
YEAR ENDED JUNE 30, 2022

STATEMENT OF FINANCIAL POSITION

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

	FY22	FY21	INCR / (DECR)	INCR /
	ACTUAL	ACTUAL	FROM	(DECR)
FINANCIAL POSITION			PRIOR YEAR	%
(in \$ thousands)	A	B	C = A-B	D = C/B
TOTAL FINANCIAL ASSETS	37,470	29,888	7,582	25%
TOTAL NON FINANCIAL ASSETS	386,235	349,235	37,000	11%
TOTAL ASSETS	423,705	379,123	44,582	12%
TOTAL LIABILITIES	283,734	239,864	43,870	18%
ACCUMULATED SURPLUS	139,971	139,259	712	1%

The **financial assets** are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations (such as inventory). As at the statement date, the District had financial assets of \$37.5M which is a 25% (\$7.6M) increase from the \$29.9M held the prior year. The increase is primarily due to Cash and Cash Equivalents (\$9.1M) offset by a decrease in Due from Province – Ministry of Education and Childcare (\$1.5M).

The **non-financial assets** of the District are assets that are, by nature, normally for use in service provision and include purchased, constructed, contributed, developed or leased capital assets, and prepaid expenses. As at the statement date, the District had non-financial assets of \$386.2M which is a 11% (\$37M) increase from the \$349.2M held the prior year. The increase is due to \$44.8M in capital additions offset by \$9.3M in amortization for the year and an increase to both other assets (\$1.2M) and prepaid expenses (\$0.3M).

The **liabilities** are present obligations of the District to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits. As at the statement date, the District had liabilities of \$283.7M which is an 18% (\$43.9M) increase from the \$239.9M held the prior year. The increase is primarily due to an increase in Deferred Capital Revenues (\$37.9M) and accounts payable (\$4.8M).

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YEAR ENDED JUNE 30, 2022

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

	FY22	FY21	INCR / (DECR)	INCR /
ACCUMULATED SURPLUS / (DEFICIT)	ACTUAL	ACTUAL	FROM	(DECR)
(in \$ thousands)	A	B	C = A-B	D = C/B
ENDOWMENTS	673	673	(0)	0%
INVESTED IN CAPITAL ASSETS	133,722	133,799	(77)	0%
LOCAL CAPITAL	-	-	-	100%
OPERATING - RESTRICTED	5,576	4,787	789	16%
TOTAL ACCUMULATED SURPLUS	139,971	139,259	712	1%

As at the statement date, the District had an accumulated surplus of \$140M which is a 1% (\$0.7M) increase from the \$139.3M held the prior year. The increase is a result of the restricted operating surplus.

SCHOOL DISTRICT NO. 62 (SOOKE)
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)
YEAR ENDED JUNE 30, 2022

STATEMENT OF FINANCIAL POSITION METRICS

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

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

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

The District had a ratio of 1.38 as at June 30 2022, which is consistent with the prior year and significantly less than the current ratio of 3.10 of all the school districts in the province noted in the 2010 Office of the Auditor General Report on Management of Working Capital by Colleges and School Districts. The District's current ratio is also consistent with neighbouring districts SD61 (1.23) and SD63 (1.74) from 2020/21.

Cash asset ratio is a measure of the District's ability to pay its short-term obligations. The ratio is calculated as cash and cash equivalents divided by total current liabilities. The District had a ratio of 1.18 as at June 30, 2022, the same as the prior year. The District's ratio is within the Office of the Comptroller General of BC suggested ratio of greater than 1.0 and is consistent with neighbouring districts SD61 (1.05) and SD63 (1.43) from 2020/21.

		FY22	FY21	INCR / (DECR)
		ACTUAL	ACTUAL	FROM
	STATEMENT OF FINANCIAL POSITION METRICS (in \$ thousands)			PRIOR YEAR
	CURRENT ASSETS			
	CASH AND CASH EQUIVALENTS	\$ 34,093	\$ 24,982	\$ 9,111
	ACCOUNTS RECEIVABLE	\$ 3,377	\$ 4,906	\$ (1,529)
	PORTFOLIO INVESTMENTS	\$ -	\$ -	\$ -
	PREPAID EXPENSES (excluding the prepaid lease)	\$ 1,420	\$ 1,027	\$ 393
	OTHER ASSETS	\$ 1,150	\$ -	\$ 1,150
A	TOTAL CURRENT ASSETS	\$ 40,040	\$ 30,916	\$ 9,124
	CURRENT LIABILITIES			
	ACCOUNTS PAYABLE	\$ 17,365	\$ 12,551	\$ 4,814
	UNEARNED REVENUE	\$ 5,343	\$ 4,940	\$ 402
	DEFERRED REVENUE (SPF BALANCES)	\$ 1,626	\$ 1,359	\$ 267
	DEFERRED CAPITAL REVENUE (UNSPENT)	\$ 4,604	\$ 2,241	\$ 2,363
B	TOTAL CURRENT LIABILITIES	\$ 28,938	\$ 21,091	\$ 7,847
	WORKING CAPITAL			
	LONG TERM LIABILITIES: EMPLOYEE FUTURE BENEFITS	\$ 5,525	\$ 5,037	\$ 488
	ACCUMULATED SURPLUS - LOCAL CAPITAL	\$ -	\$ -	\$ -
	ACCUMULATED SURPLUS - OPERATING FUND - RESTRICTED	\$ 5,576	\$ 4,787	\$ 789
C = A-B	TOTAL WORKING CAPITAL	\$ 11,102	\$ 9,824	\$ 1,277
D = A/B	CURRENT RATIO = CURRENT ASSETS / CURRENT LIABILITIES	1.3836	1.4658	-0.08
	CASH ASSET RATIO = CASH AND CASH EQUIVALENTS / CURRENT LIAB	1.1781	1.1845	-0.01

STATEMENT OF OPERATIONS

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

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

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

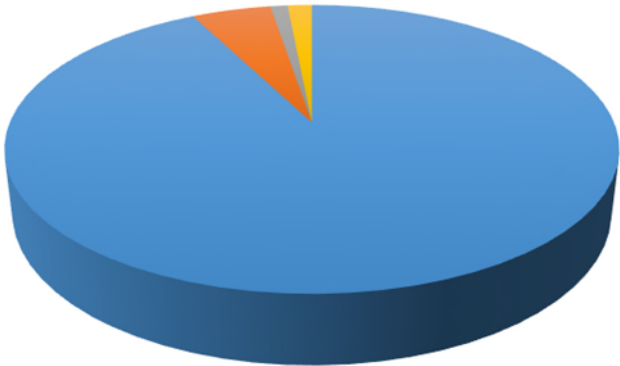
OPERATING FUND

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

REVENUES

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

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



OPERATING REVENUE ALLOCATION

 PROVINCIAL OPERATING GRANT (92.41%)	 OTHER PROVINCIAL FUNDING (1.08%)
 INTERNATIONAL TUITION (4.98%)	 OTHER (1.53%)

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YEAR ENDED JUNE 30, 2022

The District's operating revenues of \$131.3M increased by 11% (\$12.9M) over the prior year. Against a budget of \$130.4M, the \$131.3M in revenues resulted in savings of 1% (\$0.9M).

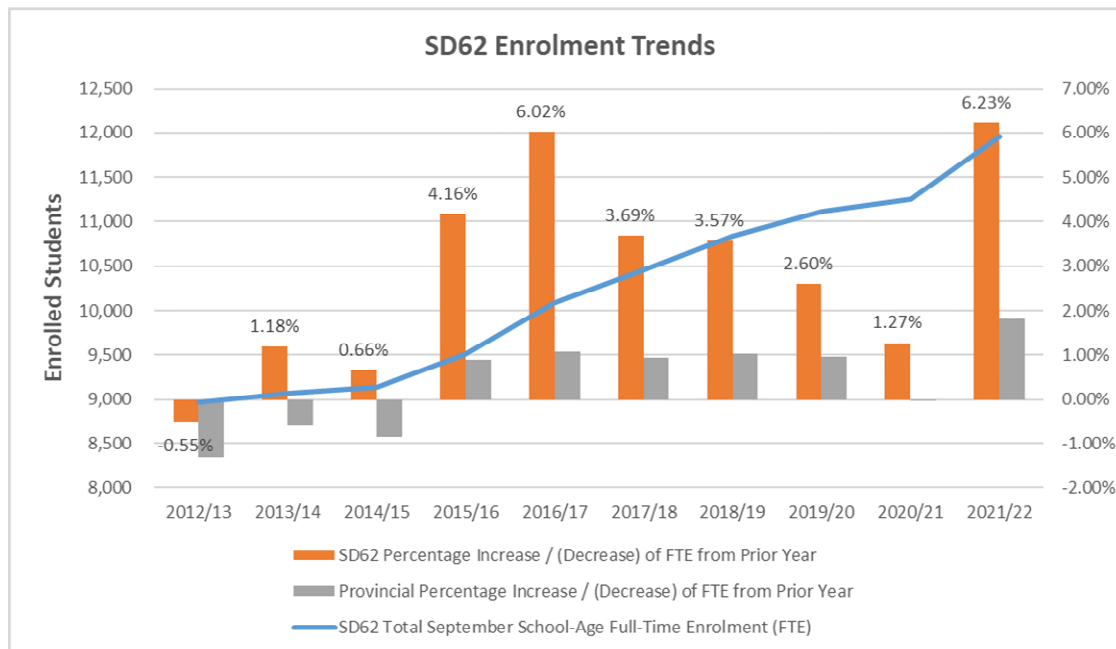
	BUDGET	ACTUAL	ACTUAL	SAVINGS /	SAVINGS /	INCR / (DECR)	INCR /
	FY22	FY22	FY21	(PRESSURE)	(PRESSURE) %	FROM	(DECR)
				FY22	FY22	PRIOR YEAR	%
OPERATING REVENUES (in \$ thousands)		B	C	D = A-B	E = D/A	F = B-C	G = F/C
PROVINCIAL OPERATING GRANT	120,441	121,324	108,654	883	1%	12,670	12%
OTHER PROVINCIAL FUNDING	1,535	1,416	4,738	(119)	(8%)	(3,322)	(70%)
FUNDING FROM FIRST NATIONS	510	516	510	6	-	6	-
CONTINUING ED TUITION	110	96	94	(14)	(13%)	2	2%
INTERNATIONAL TUITION	6,603	6,542	3,411	(61)	(1%)	3,131	92%
MISCELLANEOUS	421	758	488	337	80%	270	55%
RENTALS AND LEASES	388	393	230	5	1%	163	71%
INVESTMENT INCOME	353	241	291	(112)	(32%)	(50)	(17%)
TOTAL OPERATING REVENUES	130,361	131,286	118,416	925	1%	12,870	11%

The \$0.9M in savings was largely from the Operating Grant (\$0.9M) and Miscellaneous Revenue (\$0.3M).

Operating Grant

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

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



Prior to 2021/22 the enrolment growth had slowed from 3.69% in 2017/18 to 1.27% in 2020/21. In 2021/22 the district experienced a significant increase in enrolment growth (6.23%), over the prior year. At an average enrolment increase 3.47% over the past 5 years, the District's growth is significantly higher than the provincial average (0.94%) over the same time period.

SCHOOL DISTRICT NO. 62 (SOOKE)
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YEAR ENDED JUNE 30, 2022

The upward trajectory of student enrolment continued in the 2021/22 school year. As detailed in the table below, there was a 7.2% (1,017.06 FTE) increase in total enrolment from the prior year.

	BUDGET	ACTUAL	ACTUAL	SAVINGS /	SAVINGS /	INCR / (DECR)	INCR /
	FY22	FY22	FY21	(PRESSURE)	(PRESSURE) %	FROM	(DECR)
	A	B	C	D = B-A	E = D/A	PRIOR YEAR	%
ENROLMENT (in FTE)						F = B-C	G = F/C
SEPTEMBER							
STANDARD (REGULAR) SCHOOLS	11,661.06	11,661.06	10,930.94	-	0.0%	730.13	6.7%
CONTINUING EDUCATION	2.00	2.00	15.13	-	0.0%	(13.13)	-86.8%
ALTERNATE SCHOOLS	201.00	201.00	210.00	-	0.0%	(9.00)	-4.3%
DISTRIBUTED LEARNING	92.25	92.25	98.69	-	0.0%	(6.44)	-6.5%
HOME SCHOOLING & COURSE CHALLENGES	22.00	22.00	24.00	-	0.0%	(2.00)	-8.3%
DESIGNATED STUDENTS	889.00	889.00	769.00	-	0.0%	120.00	15.6%
ENGLISH LANGUAGE LEARNING	792.00	792.00	626.00	-	0.0%	166.00	26.5%
INDIGENOUS EDUCATION	1,221.00	1,221.00	1,183.00	-	0.0%	38.00	3.2%
ADULT EDUCATION	14.44	14.44	14.06	(0.00)	0.0%	0.38	2.7%
TOTAL SEPTEMBER COUNT	14,894.75	14,894.75	13,870.81	(0.00)	0.0%	1,023.94	7.4%
FEBRUARY COUNT	177.00	265.88	254.94	88.88	50.2%	10.94	4.3%
MAY COUNT	31.00	54.63	72.44	23.63	76.2%	(17.81)	-24.6%
TOTAL ENROLMENT	15,102.75	15,215.25	14,198.19	112.50	0.7%	1,017.06	7.2%

The increased enrolment along with funding level increases resulted in a 12% (\$12.7M) increase in the operating grant from the prior year. There were savings of \$0.9M due to the February and May counts being higher than budgeted.

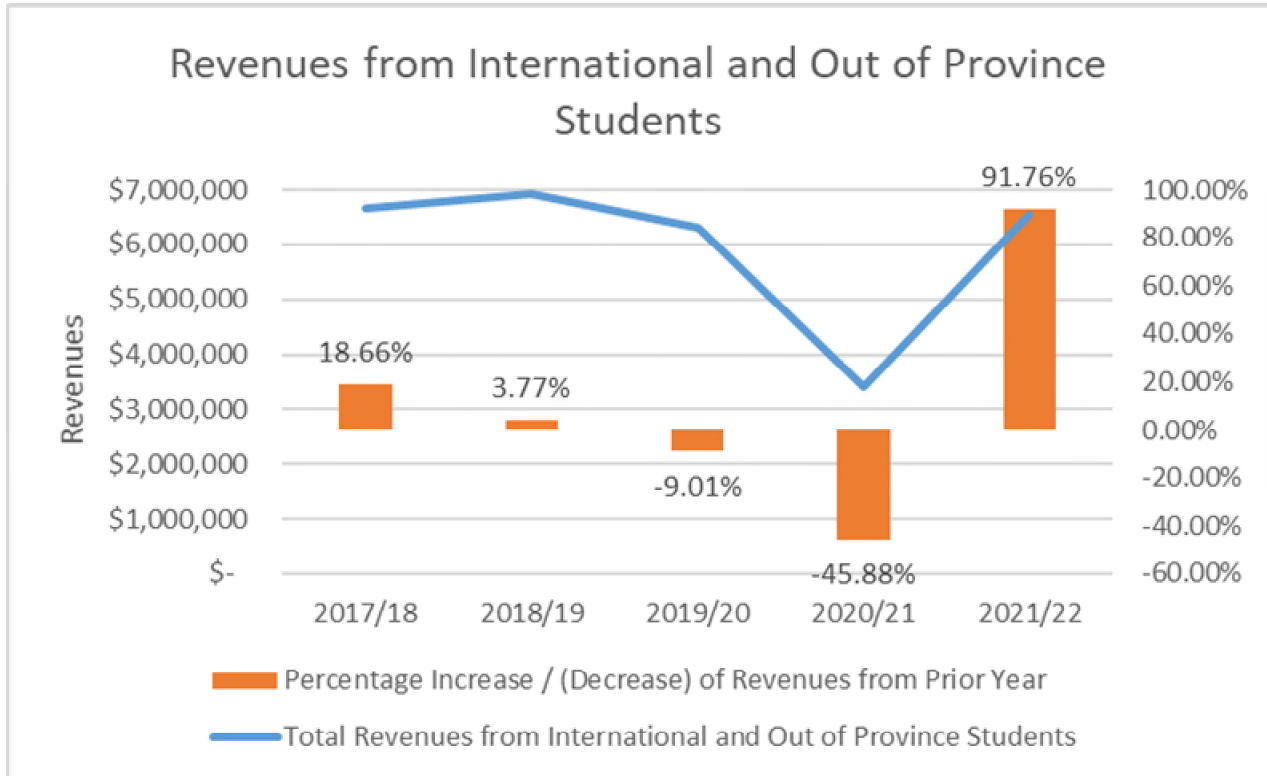
Other Provincial Funding

There was a decrease of \$3.3M in other Ministry of Education grants from the prior year largely due to the elimination of the Teachers' Labour Settlement funding (\$3.0M) and Early Career Mentorship funding (\$0.2M). The remainder of the variance was due to the decrease in Graduated Adult funding (\$0.06M). Against a budget of \$1.5M, the \$1.42M in other provincial funding revenues was primarily on budget for the year.

**SCHOOL DISTRICT NO. 62 (SOOKE)
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YEAR ENDED JUNE 30, 2022**

International Tuition

The International Program experienced a significant increase in revenues over the prior year due to lifted travel restrictions. At \$6.5M for 2021/22, revenues increased by \$3.1M from the prior year due to increased enrollment.



The International Program cost \$4.9M in expenses to generate the \$6.5M in revenues – for net revenues of \$1.6M in 2021/22. This is about \$0.7M more than the \$0.9M in net revenues generated in the prior year. The funds generated from the International Program go to support discretionary programs in the District.

EXPENSES

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

The provincial averages are taken from data available to the public on the Ministry of Education financial reporting website. At the time of issuance of this report, the provincial actuals for fiscal 2022 were not yet available, as such the provincial budgets for fiscal 2022 were used for comparative purposes.

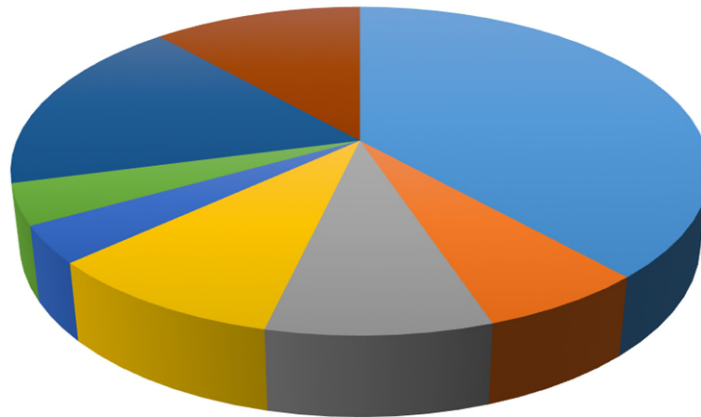
**SCHOOL DISTRICT NO. 62 (SOOKE)
 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)
 YEAR ENDED JUNE 30, 2022**

Expenses by Type (Object)

The District's spending allocations by object were in line with provincial averages - with 88.4% of its expenses on salaries and benefits (Province = 88.6%) and 11.6% on services and supplies (Province = 11.4%).

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

FY22 EXPENSES BY OBJECT



- | | |
|---|--|
| TEACHERS SALARIES (SD62=38.3%; Prov=42.3%) | PVP SALARIES (SD62=6.5%; Prov=5.7%) |
| EA SALARIES (SD62=8.8%; Prov=8.2%) | SUPPORT STAFF SALARIES (SD62=9.6%; Prov=9.0%) |
| OTHER PROF. SALARIES (SD62=3.7%; Prov=2.8%) | SUBSTITUTE SALARIES (SD62=4.0%; Prov=3.4%) |
| EMPLOYEE BENEFITS (SD62=17.5%; Prov=17.2%) | TOTAL SERVICES AND SUPPLIES (SD62=11.6%; Prov=11.4%) |

SCHOOL DISTRICT NO. 62 (SOOKE)
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)
YEAR ENDED JUNE 30, 2022

The District's operating expenditures of \$130.2M increased by 8.2% (\$9.9M) over the prior year. Against a budget of \$131.6M, the \$130.2M in expenditures resulted in savings of \$1.4M (1.1%).

	BUDGET	ACTUAL	ACTUAL	SAVINGS /	SAVINGS /	INCR / (DECR)	INCR /
	FY22	FY22	FY21	(PRESSURE)	(PRESSURE) %	FROM	(DECR)
				FY22	FY22	PRIOR YEAR	%
EXPENSES (in \$ thousands)	A	B	C	D = A-B	E = D/A	F = B-C	G = F/C
TEACHERS SALARIES	50,731	49,879	48,393	852	1.7%	1,486	3.1%
PVP SALARIES	8,648	8,513	8,086	135	1.6%	427	5.3%
EA SALARIES	10,979	11,477	10,136	(498)	(4.5%)	1,341	13.2%
SUPPORT STAFF SALARIES	12,837	12,454	12,221	383	3.0%	233	1.9%
OTHER PROFESSIONAL SALARIES	4,727	4,770	4,227	(43)	(0.9%)	543	12.8%
SUBSTITUTES SALARIES	5,626	5,216	3,808	410	7.3%	1,408	37.0%
EMPLOYEE BENEFITS	22,822	22,820	21,108	2	0.0%	1,712	8.1%
TOTAL SERVICES AND SUPPLIES	15,236	15,082	12,322	154	1.0%	2,760	22.4%
TOTAL OPERATING EXPENSES	131,606	130,211	120,302	1,395	1.1%	9,909	8.2%

The \$1.4M in savings was largely from teacher salaries (\$0.9M), PVP salaries (\$0.1M), support staff salaries (\$0.4M), and substitutes salaries (\$0.4M) offset by pressures in EA salaries (\$0.4M).

The \$0.9M teacher salaries savings is largely due to hiring lag and average salaries less than budgeted.

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

The \$0.4M support staff salaries savings is largely due to staff turnover.

The \$0.4M substitute salaries savings is largely due to lower teacher on call availability.

The \$0.4M EA salaries pressure is largely due to additional staffing stemming from higher special needs enrolment than anticipated.

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YEAR ENDED JUNE 30, 2022

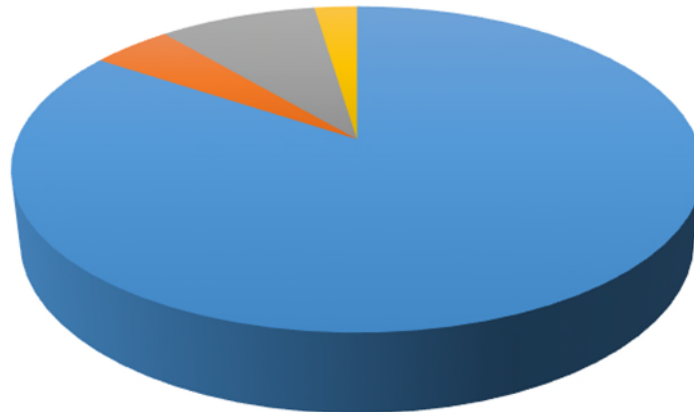
Expenses by Function

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

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

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

FY22 EXPENSES BY FUNCTION



INSTRUCTION
(SD62=84.3%; Prov=82.8%)

OPERATIONS AND MAINTENANCE
(SD62=8.8%; Prov=11.4%)

TRANSPORTATION
(SD62=2.4%; Prov=1.9%)

DISTRICT ADMINISTRATION
(SD62=4.5%; Prov=3.9%)

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

SCHOOL DISTRICT NO. 62 (SOOKE)
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YEAR ENDED JUNE 30, 2022

	BUDGET	ACTUAL	ACTUAL	SAVINGS / (PRESSURE)	SAVINGS / (PRESSURE) %	INCR / (DECR) FROM	INCR / (DECR) %
	FY22	FY22	FY21	FY22	FY22	PRIOR YEAR	
EXPENSES BY FUNCTION (in \$ thousands)	A	B	C	D = A-B	E = D/A	F = B-C	G = F/C
INSTRUCTION	111,109	109,786	101,010	1,323	1%	8,776	9%
DISTRICT ADMINISTRATION	6,302	5,842	5,413	460	7%	429	8%
OPERATIONS AND MAINTENANCE	11,444	11,488	10,781	(44)	(0%)	707	7%
TRANSPORTATION	2,751	3,095	3,097	(344)	(13%)	(2)	(0%)
TOTAL OPERATING EXPENSES	131,606	130,211	120,302	1,395	1%	9,909	8%

Instruction

The District’s \$109.8M expenditures on Instruction for the year was an increase of \$8.8M over the prior year. The \$8.8M increase was largely from Regular Instruction (\$5.6M – mostly teacher salaries and benefits), and International (\$2.4M – mostly teacher salaries and benefits, and supplies).

Against a budget of \$111.1M, the \$109.8M expenditures resulted in savings of 1% (\$1.3M). The savings were largely driven by salary and benefits (\$1.1M).

District Administration

The District’s \$5.8M expenditures on District Administration for the year was an increase of 8% (\$0.4M) over the prior year.

The increase is largely due to the addition of a District Principal (\$0.2M) and increased Human Resources (HR) Department salaries, benefits and supplies (\$0.2).

Against a budget of \$6.3M, the \$5.8M expenditures resulted in a savings of 7% (\$0.5M). The savings was largely driven by SBO Business Administration services and supplies (\$0.2M), and savings in the Finance Department (\$0.2M) from position vacancies.

Operations and Maintenance

The District’s \$11.5M expenditures on Operations and Maintenance for the year increased of 7% (\$0.7M) over the prior year. This was largely due to and an increase in Maintenance Operations (\$1.0M – mostly support salaries and benefits) and utilities (\$0.2M) offset by a decrease in services (\$0.5M) as the sewage hookup projects from the prior year came to a close.

Against a budget of \$11.4M, the \$11.4M expenditures were primarily on budget for the year.

Transportation

The District’s \$3.1M expenditures on Transportation for the year was a marginal decrease over the prior year. Against a budget of \$2.8M the \$3.1M expenditures resulted in a pressure of 13% (\$0.3M) due largely to increased fuel costs.

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TANGIBLE CAPITAL ASSETS PURCHASED AND WORK IN PROGRESS

The amount of tangible capital assets purchased and tangible capital assets that are a work in progress can be found in Schedule 2 – the Schedule of Operating Operations in the financial statements. The District spent \$286,613 on tangible capital assets including electric bus charging stations, vehicles, and other equipment.

ACCUMULATED SURPLUS (DEFICIT)

Pursuant to *Section 156(12)* of the *School Act*, school districts must obtain prior approval from the Minister before incurring deficits in the operating fund. The District's year end position as reflected in the table below is a nil unrestricted surplus.

OPERATING FUND SURPLUS		
FOR THE FISCAL YEAR ENDING JUNE 30 2022		
		FINAL
		AMOUNT
A	OPERATING SURPLUS, BEGINNING OF YEAR	\$ 4,787,255
B	OPERATING SURPLUS / (DEFICIT), FOR THE YEAR 2021/22	\$ 788,873
C = A+B	OPERATING SURPLUS, END OF YEAR	\$ 5,576,128
INTERNALLY RESTRICTED SURPLUS		
Restricted Due to the Nature of Constraints on the Funds		
	Indigenous Education	\$ 70,759
	Discretionary School Generated Funds	\$ 197,999
	School budget balances	\$ 44,325
	Transportation Safety Fees	\$ 86,550
	Various unspent grants	\$ 16,592
	BCTF Mentorship grant	\$ 51,037
	2020/21 Holdback	\$ 57,904
	Total - Restricted Due to the Nature of Constraints on the Funds	\$ 525,166
Restricted for Operations Spanning Multiple School Years		
	22/23 Budgeted Shortfall	\$ 1,023,234
	IT Dept	\$ 139,221
	Careers	\$ 16,125
	Curriculum	\$ 5,646
	Inclusive Education Services	\$ 41,285
	Electric buses	\$ 194,622
	Transportation	\$ 100,000
	Program Review initiatives	\$ 99,125
	Port Renfrew PDR update	\$ 63,389
	Various projects	\$ 60,275
	Total - Restricted for Operations Spanning Multiple School Years	\$ 1,742,922
Restricted for Anticipated Unusual Expenses Identified by the Board		
	Various Board Motions	\$ 800,000
	Financial Reserve Policy	\$ 2,508,040
	Total - Restricted for Anticipated Unusual Expenses Identified by the Board	\$ 3,308,040
D	TOTAL INTERNALLY RESTRICTED SURPLUS	\$ 5,576,128
E = C-D	UNRESTRICTED SURPLUS	\$ -

The total Operating Fund financial reserve of \$2,508,040 that is restricted for anticipated unusual expenses is 1.8% of the \$139,373,766 Operating Fund expenses budgeted for the year ended June 30, 2023. This is compliant with the one-time 3% financial reserve threshold established by the Board.

**SCHOOL DISTRICT NO. 62 (SOOKE)
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)
YEAR ENDED JUNE 30, 2022**

SPECIAL PURPOSE FUNDS

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

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

	FY22	FY21	INCR / (DECR)	INCR /
	ACTUAL	ACTUAL	FROM	(DECR)
			PRIOR YEAR	%
SPECIAL PURPOSE FUNDS (in \$ thousands)	A	B	C = A-B	D = C/B
ANNUAL FACILITIES GRANT	330	337	(7)	-2%
LEARNING IMPROVEMENT FUND	402	399	3	1%
SCHOOL GENERATED FUNDS	2,337	1,395	942	68%
STRONG START	176	200	(24)	-12%
OFFICIAL LANGUAGES IN EDUCATION PROTOCOL	195	308	(113)	-37%
COMMUNITY LINK	853	796	57	7%
ACADEMIES	819	524	295	56%
CLASSROOM ENHANCEMENT FUND	17,985	14,936	3,049	20%
SAFE RETURN TO SCHOOL GRANT	173	873	(700)	-80%
FEDERAL SAFE RETURN TO CLASS FUND	37	3,895	(3,858)	-99%
OTHER	311	262	49	19%
TOTAL SPECIAL PURPOSE FUNDS EXPENSES	23,618	23,923	(305)	-1%
CAPITAL PURCHASES	134	466	(332)	-71%
TOTAL SPECIAL PURPOSE FUNDS	23,752	24,389	(637)	-3%

The District's \$23.8M expenditures on Special Purpose Funds for the year was a 3% (\$0.6M) decrease over the prior year. There was an increase in Classroom Enhancement Fund expenditures of (\$3.0M) and School Generated Funds (\$1.0M). These increases were offset by a (\$3.9M) decrease in Federal Safe Return to Class Fund and a (\$0.7M) decrease in Safe Return to School Grant expenditures.

SCHOOL DISTRICT NO. 62 (SOOKE)
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)
YEAR ENDED JUNE 30, 2022

CAPITAL FUND

The District's tangible capital asset additions of \$44,830,659 for the year was a 40% (\$12.8M) increase from the prior year. The increase is largely due to the Expansion Program purchases.

	FY22 ACTUAL	FY21 ACTUAL	INCR / (DECR) FROM PRIOR YEAR	INCR / (DECR) %
CAPITAL ADDITIONS (in \$ thousands)	A	B	C = A-B	D = C/B
CAPITAL FUND				
EXPANSION PROGRAM	39,153	28,541	10,612	37%
SCHOOL ENHANCEMENT PROGRAM	2,284	1,142	1,142	100%
CARBON NEUTRAL CAPITAL PROGRAM	339	74	265	358%
BUILDING ENVELOPE PROGRAM	2,031	20	2,011	10,055%
BUS ACQUISITION PROGRAM	-	808	(808)	-100%
ANNUAL FACILITIES GRANT	406	121	285	236%
PLAYGROUNDS	165	-	165	100%
OTHER	32	295	(263)	-89%
OPERATING FUND	287	519	(232)	-45%
SPECIAL PURPOSE FUND	134	467	(333)	-71%
TOTAL CAPITAL ADDITIONS	44,831	31,987	12,844	40%

Some of the more significant capital projects include:

- **Expansion Program (EXP)** – In 2021/22, \$38.4M was spent on the continuing site development and construction of the Pexsisen Elementary and Centre Mountain Lellum Middle School. In addition, \$0.6M was spent on design development for the new South Langford Elementary school.
- **School Enhancement Program (SEP)** - \$2.3M was spent on energy upgrade work at Hans Helgesen, Spencer, and Dunsmuir.
- **Carbon Neutral Capital Program (CNCP)** - \$0.3M was spent on energy upgrade work at David Cameron.
- **Building Envelope Program (BEP)** - \$2.0M was spent on building envelope upgrades at Hans Helgesen.
- **Annual Facilities Grant (AFG)** – \$0.1M was spent on HVAC upgrades, and \$0.3M on roofing upgrades.
- **Playgrounds** - \$0.2M was spent on a playground at Colwood Elementary.
- **Operating Fund** – there were \$0.3M in Operating Fund tangible capital asset purchases including electric charging stations for buses (\$0.06M) and facilities vehicles (\$0.13M) with the remainder on equipment (\$0.1M).
- **Special Purpose Fund** - \$0.02M of the Federal Safe Return to Class Fund was spent on HVAC upgrades, and \$0.1M of the Safe Return to School/Restart was spent on HVAC, and custodial equipment.

RISKS AND UNCERTAINTIES

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

- **Enrolment** – Enrolment drives the District's revenues and an inaccurate estimation of future enrolment could result in either an over or under deployment of resources. Additionally, an inaccurate estimation of future enrolment could further exacerbate the capacity issues the District is currently experiencing.
- **Classroom Capacity** – Continued enrollment increases will provide significant pressure on remaining space availability.
- **Staff benefit rates** – Benefit rates fluctuate from year to year dependent on staff usage so are difficult to accurately predict. In 2021/22, the District benefit rate increased by 0.42% from the prior year (2021/22 = 24.72%; 2020/21= 24.30%). A one per cent fluctuation in \$92M in salaries amounts to \$920,000.
- **Utilities** – Expenditures on utilities fluctuate based on usage, and usage typically depends on the weather which, even for the Farmers' Almanac, is impossible to predict.
- **Leave liability** – Leave balances (such as unused vacation balances) are recorded in the year they are earned. The larger the balance, the larger the expense. It is difficult to predict with accuracy across the District exactly how many vacation days staff plan on using in any given year.
- **Salary differential** – A component of the Operating Grant is the supplement for salary differential which provides additional funding to districts with average teacher salaries higher than the provincial average. In 2021/22, the District received \$473,504 more than the prior year (FY22=\$2,074,890; FY21=\$1,601,386).
- **COVID-19** - The ongoing impact of the pandemic presents uncertainty over future cash flows, may have a significant impact on future operations including decreases in revenue, impairment of receivables, reduction in investment income and delays in completing capital project work. Examples of the more significant operational impacts include the International Student Program, Academies Program, and Transportation Department. As the situation is dynamic and the ultimate duration and magnitude of the impact are not known, an estimate of the future financial effect on the District is not practicable at this time.