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School District No. 57 (Prince George)

www.sd57.bc.ca

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 School District No. 57 (Prince George) 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 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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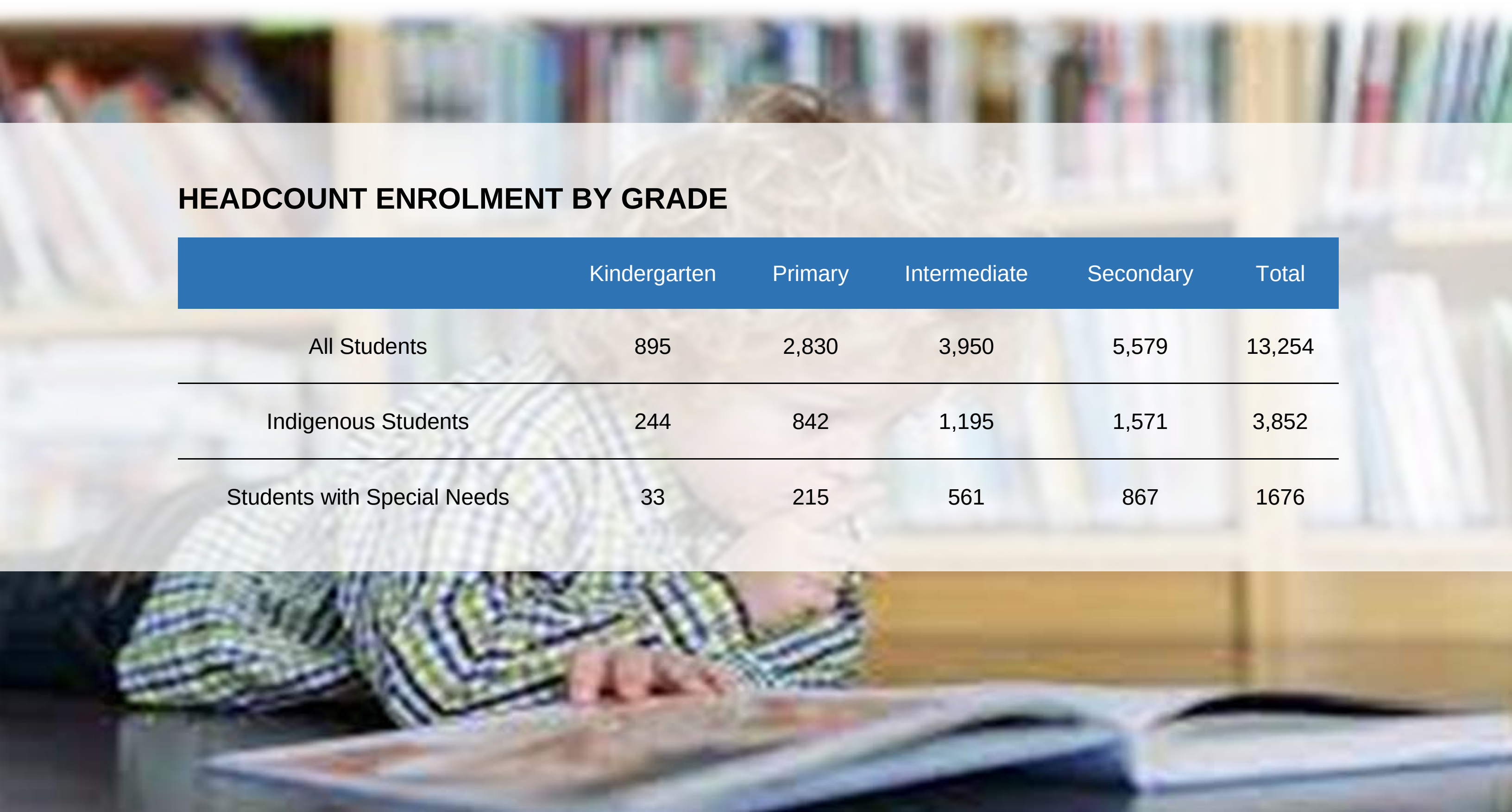
OVERVIEW OF SCHOOL DISTRICT 57

Established in 1946, the District is on the unceded ancestral lands of the Lheidli T'enneh First Nation, McLeod Lake Indian Band and the Simpcw First Nation. ***It is our honor to walk alongside our Indigenous communities in educating our students.***

The District is located in the center of the province, extending north to Mackenzie, south to Hixon, and east to McBride and Valemount. The District encompasses 52,000 square kilometers and is the second largest school district in the province in geographic size. The student population of approximately 13,000 school-age and adult students are enrolled in 32 elementary schools, and 8 secondary schools. Additionally, the District Learner Support Program provides alternate education programs, continuing and distance education programs and Provincial Resource Programs.

Employing approximately 2,000 staff in full-time and part-time positions, the District had an operating, capital and special purpose budget totaling approximately $188 million.

The District's work is governed by the Board of Education, which consists of seven Trustees elected from three Trustee Electoral Areas as follows: five from the Prince George Trustee Electoral Area, one from the Mackenzie Trustee Electoral Area and one from the Robson Valley Trustee Electoral Area.



HEADCOUNT ENROLMENT BY GRADE

	Kindergarten	Primary	Intermediate	Secondary	Total
All Students	895	2,830	3,950	5,579	13,254
Indigenous Students	244	842	1,195	1,571	3,852
Students with Special Needs	33	215	561	867	1676

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STRATEGIC PLAN

- "The pathway to a diverse learning community with purpose, options and choices for all" Skeh Huhoont'i hodul'eh ti.

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: All students are prepared for each step of their journey with the skills, knowledge, options and choices to be successful.

Mission: Through innovation, high standards and culturally responsive care, we nurture and empower all students where they are to be proud, confident and engaged lifelong learners.

Values: Together these ways of thinking and acting help form the culture of our schools and workplaces. By upholding these values, we can build an environment that will lead to the fulfilment of our mission and vision.

- **Transparency** – we are open, honest and accountable for the decision we make.
- **Integrity** – we are ethical, fair and follow through on our commitments.
- **Equity** – we create systems where every student has the opportunities and supports to be successful.
- **Community** – we engage all members of our learning community through open and respectful relationships.
- **Respect** – we demonstrate kindness and care for ourselves, others and the environment.
- **Inclusion** – we ensure all students contribute and participate in all aspects of school life.

Priorities: The District's priorities are guided by the four directions of the strategic plan:

- **Truth and Reconciliation** – Committing to the Truth and Reconciliation Calls to Actions implemented throughout our system to ensure a healthier future for Indigenous learners and a system that acknowledges and teaches Canada's True History.
- **Equity of Access** – responsive systems providing accessible educational opportunities for all students to achieve their goals with specific focus for Indigenous learners, children and youth in care and students with diverse abilities/disabilities.
- **Wellness** – culturally safe, caring, inclusive learning communities, where all students thrive with an emphasis on mental health, physical health and overall well-being for students, staff and families.
- **Learning** – engaging, innovative learning communities with options and choice for all students to be successful. The focus of increasing literacy, numeracy and graduation rates will be prioritized. Specific strategies will be implemented to support Indigenous learners, children and youth in care and students with diverse abilities/disabilities.

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UNDERSTANDING SCHOOL DISTRICT 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 be 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)**
- **Statement of Operations (Statement 2)**
- **Statement of Changes in Net Financial Assets (Debt) (Statement 4)**
- **Statement of Cash Flows (Statement 5)**

The notes to the financial statements provide information regarding the District's accounting policies and detail 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 operations 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, and 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 as well as 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. Certain special purpose funds may have to be repaid to the funding party if the revenue is unspent within specified time periods
- 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 the expenditures.

Capital Fund (Schedule 4)

- Includes financial activities related to tangible capital assets.
- Capital funding from the Province is accounted for using the deferral accounting method, where capital revenue is recorded in the financial statements over the life of the 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 Expense are to be categorized and reported within our financial system and on our financial reports. Our accounting system is set up under these parameters in alignment with all school districts in the province, allowing the Ministry to consolidate them into their financial statements, and report out to the public on the sector as a whole.

The Ministry requires that we categorize costs within our accounting records and report costs under the following segments: Funds, Functions, Programs and Objects. Examples of each segment are provided below:

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

Functions are groups of related programs: Instruction, District Administration, Operations and Maintenance, and Transportation and Housing.

Programs are unique and identifiable activities within each function. Examples of Programs included in the Instruction Function includes: Regular Instruction, Career Programs, Library Services, Counselling, Special Education, English Language Learners, Indigenous Education and School Based Administration.

Objects are categories of costs within programs and include accounts for various Salaries by employee type, Employee Benefits, Services, Student Transportation, Professional Development and Travel, Rentals and Leases, Dues & Fees, Insurance, Supplies and Utilities.

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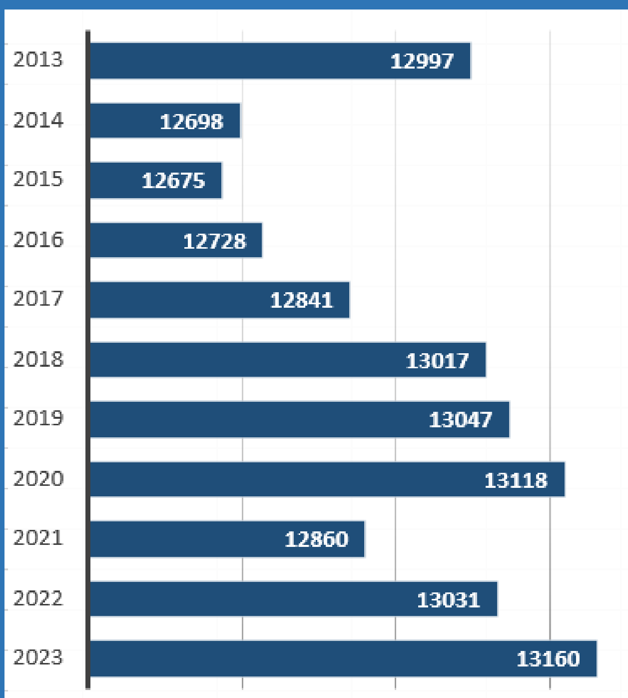
FINANCIAL HIGHLIGHTS

Enrolment

With much of the adverse effects of the global pandemic behind us, the District saw enrolment growth of 128 FTE, surpassing pre-pandemic enrolment levels, as well as increases in the number of students with special needs designated for additional funding, English language learners, and Indigenous students. Enrolment increases resulted in a 1.4% ($2.7 million) increase in the Ministry of Education and Child Care operating grant.

SEPTEMBER ENROLMENT FTE BY FISCAL YEAR



SEPTEMBER ENROLMENT (FTE)

September	2022/23	2021/22
Standard (Regular) Schools	12,923.69	12,722.94
Continuing Education	0.63	0
Adult Education	9.13	7.38
Alternate Schools	127.00	162.25
Distributed Learning	99.19	137.88
Total Enrolment	13,159.64	13,030.45
Included in Total Enrolment (categories that receive additional per student funding)		
Designated Students	1,071	1,049
English Language Learning	1,184	1,439
Indigenous Education	3,851	3,797

Labour Settlement Funding and Wage Increases

The District received $6 million of funding from the Ministry of Education and Child Care to cover increased wage costs resulting from teacher and support staff collective agreements that were negotiated by the Province in 2022-23, as well as comparable wage increases for non-unionized employees.

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FINANCIAL ANALYSIS

financial position

The Statement of Financial Position (Statement 1 of the financial statements) presents the District's assets, liabilities and surplus, and includes all funds (Operating, Special Purpose and Capital Funds).

	2022/23	2021/22	$ Change	% Change
Financial Assets	31,387,877	27,397,972	3,989,905	14.6%
Liabilities	135,697,407	134,848,462	848,945	0.6%
Net Debt	(104,309,530)	(107,450,490)	3,140,960	-2.9%
Non-Financial Assets	145,215,687	144,952,444	263,243	0.2%
Accumulated Surplus	40,906,157	37,501,954	3,404,203	9.1%

Financial Assets include cash, receivables and portfolio investments. The increase in financial assets from 2021/22 resulted from the following:

- Increase of $4M in cash and cash equivalents primarily due to operating funding received in 2022/23 in excess of expenditures.
- Increase of $116K in receivables due to the timing of collections
- Decrease of $112K in portfolio investments due to a matured Guaranteed Investment Certificate being transferred to the Province's Central Deposit Program (which is included in Cash and Cash Equivalents) to take advantage of higher interest rates.

Liabilities are obligations of the District to others arising from prior transactions, the settlement of which will require the use of current and future assets. The increase in liabilities from 2022/23 resulted mainly from the following:

- Increase in trade payables of $870K due to the timing of when invoices were received from vendors compared to the prior year

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- Decrease in deferred capital revenue of $805K 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.
- Increase in other liabilities, which are primarily payroll related liabilities, of $823K due to increased wage rates and the timing of pay period dates spanning the year end.

Non-financial assets include tangible capital assets and prepaid expenses. Tangible capital assets are used in providing the services of the District and include buildings, equipment, furniture, technology and vehicles purchased or constructed by the District. The increase in non-financial assets is primarily related to the increase in capital assets with new assets purchased or constructed totaling $6.9M less amortization of $6.6M.

Capital Asset additions and their funding source during 2022/23 include the following:

	Investment	Funding Source
Sites		
STKRSS site completion	1,806,000	Province – Capital Funding
Building upgrades (CHSS parking lot lighting)	175,000	Province – Annual Facilities Grant
Mackenzie Elementary demolition	3,000	Province – Capital Funding
Vanway Elementary outdoor learning space	1,000	Community donation

	Investment	Funding Source
Buildings		
Diefenbaker Daycare building renovation	1,027,000	Province – Childcare BC New Spaces Fund
HVAC upgrades (Van Bien, Pineview, Peden Hill, Quinson)	970,000	Province – School Enhancement Program
HVAC upgrades (Heather Park, Buckhorn, Foothills)	661,000	Province – Carbon Neutral Capital Program
HVAC and other building improvements	110,000	Province – Annual Facilities Grant
Building upgrades (trades program shop ventilation, other building improvements)	92,000	Province – Capital Funding, Industry Training Authority, Local Capital, Operating Fund

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	Investment	Funding Source
Furniture & Equipment		
School playground equipment	495,000	Province - Playground Equipment Program
Classroom and school furnishings and equipment	327,000	Operating Fund
Facilities equipment (tractor, utility trailers)	105,000	Province – Carbon Neutral Capital Program
School furnishings and equipment (playgrounds, projectors)	85,000	Special Purpose Fund (School Generated Funds - PAC)
Telephone systems	63,000	Local Capital
STKRSS signage	51,000	Province – Capital Funding
District administration equipment (custodial and communications equipment)	27,000	Operating Fund
School trades programs – shop equipment	25,000	Industry Training Authority
Diefenbaker Childcare Centre – furniture and equipment	17,000	Province – Childcare BC New Spaces Fund
Air purification equipment	9,000	Special Purpose Fund (Federal Ventilation Fund)

	Investment	Funding Source
Technology		
Classroom technology (computers, laptops, network hardware and data storage)	739,000	Operating Fund
Classroom computer equipment	40,000	Special Purpose Fund (School Generated Funds - PAC)
District administration technology	52,000	Operating Fund, Special Purpose Fund, Local Capital

	Investment	Funding Source
Vehicles		
District fleet vehicles (lease buyouts)	29,000	Local Capital

Accumulated surplus of $40.9M is comprised of the operating fund surplus of $6.8M and the capital fund surplus of $34.1M. Unspent funding in the Special Purpose Fund is accounted for as deferred revenue (a liability) and does not form part of the District's accumulated surplus.

A district has an **Operating Fund Surplus** when its annual operating revenue exceeds annual expenditures. Transfers of operating surplus can then be made to the Local Capital Fund for capital asset purchases in future years. An operating surplus means that the District has financial resources that can be used to fund District operations for a period longer than one year. The ability to carry forward unspent funds enables a board to effectively plan for future years.

	2022/23	2021/22	$ Change
Operating surplus, beginning of year	5,160,902	8,475,727	(3,314,825)
Surplus (deficit) from operations	3,262,287	(612,154)	3,874,441
Capital Assets purchased	(1,147,407)	(1,780,693)	633,286
Transfers to Local Capital	(515,047)	(921,978)	406,931
Operating Surplus, end of year	**6,760,735**	5,160,902	1,599,833

Boards can set aside (internally restrict) a portion of operating surplus for items that are linked to multi-year strategic objectives and future operational needs. There are three categories of **internally restricted surplus**:

- Restricted due to the nature of constraints on the funds: Districts receive grants from the Ministry for specific or targeted purposes. If these funds aren't spent, the balance is internally restricted to be used for future years. Districts may have commitments to spend certain operating funds, in future years, on identified activities. These commitments may be legally binding or they may be implied commitments, such as funds donated to a school but not explicitly restricted by the donor.
- Restricted for anticipated unusual expenses identified by the board: to support effective planning, there will be situations where management identifies one-time and intermittent projects that will not be funded by revenues in that year, such as short term or variable staffing needs, or implementation of new initiatives.
- Restricted for operations spanning multiple school years: to support effective operational planning there will be situations where operating surplus funds may need to be carried over to future years (i.e. future year's Operating budget, schools and department surplus, operating projects in progress, future technology and capital project reserves that have not yet been identified for specific initiatives, and educational programs spanning multiple years, such as online learning programs.

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Unrestricted Operating Surplus is the portion of accumulated operating surplus that has not been designated for specific uses. From time to time, boards may require emergency or contingency funds for unexpected increases expenses or decreases in revenues. In these situations, boards need to have access to enough funds to continue to provide educational services and maintain regular operations.

Operating Fund Surplus	2022/23	2021/22	$ change
Internally Restricted – nature of constraints on funds:			
Ministry of Education and Child Care			
Indigenous Education - targeted	445,542	943,350	-497,421
2020/21 Operating Holdback Carryover	-	224,120	-224,120
Specific Purpose Funds			
CUPE 3742, CUPE 4991 and PGDTA funds	157,049	212,470	-55,421
Specific purpose grants	242,686	284,126	-41,440
Cultural Activities – specific purpose grant	36,403	28,703	7,700
Recreation Trusts and Other Funds			
Mackenzie Community Use	115,191	110,504	4,687
Harrower	17,605	16,889	716
BCSTA – Northern Interior Branch funds	8,744	16,396	-7,652
BCASBO – Zone 3 funds	1,261	1,210	51
	1,024,481	1,837,768	-813,287
Internally Restricted – anticipated unusual expenses			
Superintendent search	70,000	-	70,000
Long Range Facilities Plan	75,000	-	75,000
Policy manual review	10,000	-	10,000
Board meeting software	20,000	-	20,000
Administrative procedure review	5,000	-	5,000
Department optimization reviews	30,000	-	30,000
Superintendent initiatives	50,000	33,417	16,583
Special Advisors	-	75,000	-75,000
	260,000	108,417	-151,583
Internally Restricted – operations spanning multiple school years			
2023-24 operating budget	437,650	181,634	256,016
2023-24 operating budget – staffing commitment	139,837	126,711	13,126
School surpluses	1,298,901	1,350,446	-51,545
School capital projects	315,453	454,373	-138,920
Department and program surpluses:			
Inclusive Education	299,923	319,629	-19,706
Careers, Skills & Trades	-	62,793	-62,793
Continuing Education/Distance Education	142,514	115,231	27,283
International Program	-	8,900	-8,900
Technology reserve	100,000	-	100,000
Facilities:			
Facility lease commitment	110,000	190,000	-80,000
Building renewal and landlord commitments	200,000	200,000	-
Snow removal reserve	250,000	205,000	45,000
Energy management projects	61,778	-	61,778
	3,356,056	3,214,717	141,339
Total Internally Restricted Surplus	**4,640,537**	**5,160,902**	**-520,365**
Unrestricted Operating Surplus (Contingency)	2,120,198	-	2,218,308
Total Available for Future Operations	**6,760,735**	**5,160,902**	**1,599,833**

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There are two types of **Capital Fund Surplus**:

- **Invested in Tangible Capital Assets surplus** of $32.9M represents capital investments that are funded by operating revenues (recorded as transfers of accumulated operating surplus to the capital fund). Then, as these assets are amortized, the amortization expense is applied against the Invested in Tangible Capital Assets surplus. Therefore, the balance in this fund is to cover future amortization costs and is not available for other purposes.
- **Local Capital surplus** of $1.2M is comprised of previous years' available operating surplus which is transferred to Local Capital with board approval, revenues from the sale of capital assets and investment income earned on these funds.

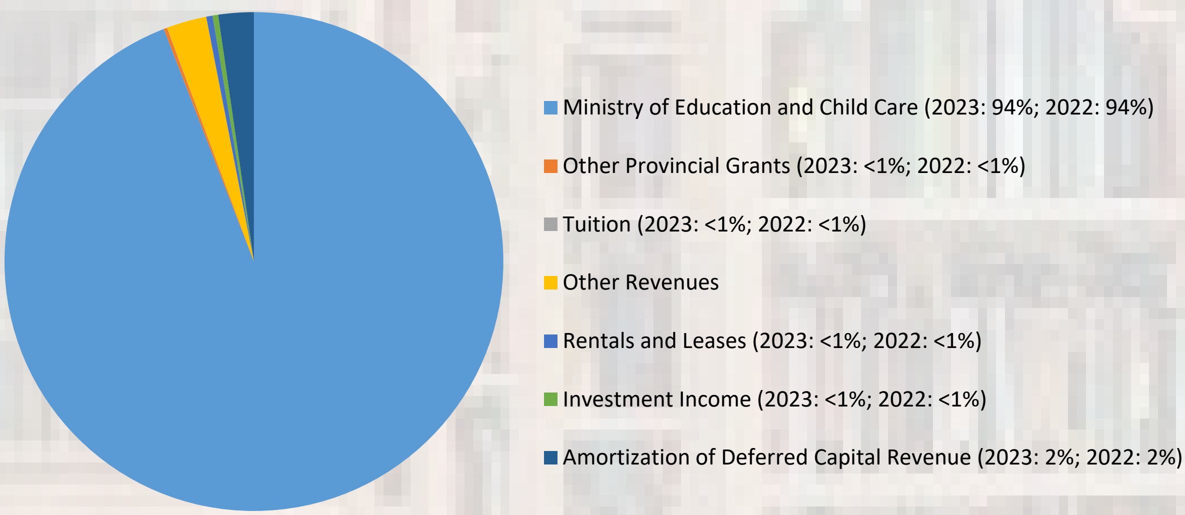
Local Capital Surplus	2022/23	2021/22
Local Capital surplus, beginning of year	921,978	-
Capital assets purchased from local capital	(251,618)	-
Investment income	35,983	-
Transfers from Operating	515,047	921,978
Local Capital Surplus, end of year	**1,221,390**	921,978

Local Capital Surplus, end of year	2022/23
Wi-Fi infrastructure replacement	300,000
Technology replacement	385,195
Facilities equipment replacement	272,438
District fleet vehicle replacement	263,757
Total Local Capital Surplus	**1,221,390**

revenue

	2022/23	2021/22	$ Change	% Change
Ministry of Education and Child Care	177,195,365	168,048,718	9,146,647	5%
Other Provincial Grants	409,253	560,320	-151,067	-27%
Tuition	12,750	59,210	-46,460	-79%
Other Revenues	4,888,812	4,513,944	374,868	8%
Rentals and Leases	774,093	507,176	266,917	5%
Investment Income	681,294	251,689	429,605	170%
Amortization of Deferred Capital Revenue	4,317,313	4,254,807	62,506	2%
Total Revenue	**188,278,880**	**178,195,864**	**10,083,016**	**5.7%**

District revenue for 2022/23 increased $10 million (6%) over the prior year. This increase in District revenue is comprised of increases in operating and special purpose fund revenues and a decrease in capital fund revenue.



As illustrated above, the proportions of the District's sources of revenue are consistent with the prior year, with grants from the Province of BC comprising 94% of revenue.

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Operating Revenues

The following chart provides comparisons of 2022/23 actual operating revenues to the 2022/23 budget and to 2021/22 actual revenue.

	2022/23		2021/22	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Province – MECC	153,210,761	155,637,660	146,667,242	2,426,899	2%	8,970,418	6%
Province - Other	392,360	409,253	560,320	16,893	4%	-151,067	-27%
Tuition	6,375	12,750	59,210	6,375	100%	-46,460	-78%
Other Revenue	1,402,205	1,706,446	1,959,380	304,241	22%	-252,934	-13%
Rentals and Leases	765,000	774,093	507,176	9,093	1%	266,917	53%
Investment Income	500,000	623,470	227,447	123,470	25%	396,023	174%
Total Revenue	**156,276,701**	**159,163,672**	**149,980,775**	**2,886,971**	**2%**	**9,182,897**	**6%**

Provincial Grants – Ministry of Education: The increase in grant revenue from the Ministry of Education and Childcare was primarily due to increased student enrolment and labour settlement funding. Although the Ministry's per student funding rate remained the same in 2022/23 compared to the prior year, the District saw a $2.7 million increase in the Ministry operating grant due to higher enrolment (128 student FTE increase from the prior year), as well as increases in the number of students with special needs, indigenous students and English language learners

The District received $6 million of funding from the Ministry of Education and Child Care to cover increased wage costs resulting from teacher and support staff collective agreements that were negotiated by the Province in 2022-23, as well as comparable wage increases for non-unionized employees.

The increase in provincial grant revenue from the Ministry compared to the 2022/23 budget was due to support staff labour settlement funding announced after the budget was prepared.

Other Provincial Grants - Other provincial grants are provided to the District for career and trades programs such as automotive, electrical, heavy mechanical group trades and culinary arts and for After School Sports Initiative funding. The province bases the grants on student enrolment in these programs. Both actual and budgeted revenue for 2022/23 were less than the prior year due to reductions in funding for trades programs.

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Tuition - Tuition revenue consists of fees for International Education. The District typically budgets only for International Education fee paying student revenues that are already received, as they are not a predictable sources of revenue.

Other Revenues - Other revenues consist of items such as fees charged to SD93 Conseil Scolaire Francophone de la Colombie-Britannique, fees collected with respect to Local Education Agreements with First Nations, administrative fees charged to Provincial Resource Prorams, cafeteria recoveries and the group rebate related to the purchasing card program, as well as one-time specific purpose grants received by schools and donations. The decrease in Other Revenues in 2022/23 compared to the prior year was mainly due to a reduction in fees collected with respect to Local Education Agreements. The actual revenue was higher than budget for 2022/23 due to additional one-time specific purpose grants received by schools after the budget was prepared.

Rentals and Leases - District rental revenue is generated from both short-term and long-term rentals of sites and facilities to individuals and community groups. Prior year rental revenue was lower due to limitations on access to SD57 facilities.

Investment Income - Interest income consists of interest earned on bank account balances, term deposits and guaranteed investment certificates and funds held in the Central Deposit Program. The Central Deposit Program allows the District to invest funds with the provincial government thereby accessing a favorable rate without any restrictions on withdrawals. Results are higher than the prior year due to increasing interest rates.

Special Purpose Fund Revenues

	2022/23		2021/22	Difference from Budget		Difference from Prior Year	
	Budget	**Actual**	**Actual**	**$**	**%**	**$**	**%**
Province – MECC	18,032,433	17,358,224	16,256,169	-674,209	-4%	1,102,055	7%
Other Revenue	2,083,372	3,181,526	2,509,564	1,098,154	53%	671,962	27%
Investment Income	22,000	21,841	24,242	-159	-1%	-2,401	-10%
Total Revenue	**20,137,805**	**20,561,591**	**18,789,975**	**423,786**	**2%**	**1,771,616**	**9%**

Special purpose fund revenue comes mainly from the Ministry of Education and Childcare (84.4%), and the majority of the other revenue is from school generated funds.

Provincial Grants – Ministry of Education and Childcare: Special purpose revenue from

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the Ministry was $1.1 million higher overall than the prior year. New funding from the Ministry for 2022/23 included the one-time Student and Family Affordability funding revenue of $1.2 million, as well as $150 thousand of Early Care and Learning funding. The Classroom Enhancement Funds and Learning Improvement Funds were increased by about $300 thousand to fund Teacher and CUPE support staff wage increases. Offsetting these increases in revenue was a $510 thousand decrease compared to the prior year relating to the Safe Return to Class funds.

Other Revenue (from sources other than the Ministry) is mainly comprised of school generated funds and scholarship funds. Other revenue was $672 thousand higher than last year, mainly due to increases in school generated funds collected and spent on student activities with a post-pandemic return to normal.

The District has a variety of Ministry of Education funded grants included in special purpose funds, outlined below.

Special Purpose Funds – Ministry of Education and ChildCare	**2022/23 Revenue & Expense**	**Purpose**
Annual Facility Grant (AFG) fund	**$667,343**	routine maintenance of school facilities for accessibility upgrades, asbestos abatement, electrical, plumbing, and interior and exterior constructions upgrades, roofing and site upgrades such as drainage, sidewalks, paving and fencing. For 2022/23, the District was approved for $3,105,151 in funding. $667,343 is received as a special purpose grant and the remaining amount is received through the capital fund.
Learning Improvement fund	**568,379**	augment Education Assistant hours providing additional supports to complex learners.
Strong Start fund	**348,201**	Strong Start Early Learning Centers which provide school-based, drop-in programs for children from birth to age five along with their parents and caregivers
Ready, Set, Learn	**56,116**	events for children aged three to five and their parents/caregivers which are hosted to support early learning and facilitate a smooth transition to kindergarten
Official Languages in Education Programs (OLEP)	**146,779**	supports core French language programs and curriculum resources
Community LINK	**2,520,800**	LINK stands for **L**earning **I**ncludes **N**utrition and **K**nowledge;-supports programs and initiatives to improve the educational performance of vulnerable students, including both academic achievement and social functioning
Classroom Enhancement	**10,038,762**	supports the teacher staffing costs and overhead staffing and equipment costs resulting from the restoration of class size and composition language
First Nations Student Transportation	**119,876**	BC Tripartite Education Agreement funded grant which supports approved jointly constructed transportation plans for First Nations students living (or ordinarily living) on reserve and is developed in consultation with the First Nations communities that the District has Local Education Agreements with
Mental Health in Schools	**25,328**	support District priorities for mental health and wellbeing in the school community

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Safe Return to School and Ventilation funds	**133,860**	Federal and Ministry funded grants related to the safe return to school during the COVID19 pandemic and to address the incremental costs of compliance with Ministry guidelines including ventilation specifications
Student & Family Affordability Fund	**1,159,231**	In recognition of rising food costs and general inflation, supports families who are temporarily facing financial challenges with the costs of school supplies, education related fees, and dealing with food insecurity that impacts student learning
Early Care and Learning	**149,796**	expansion of District child care programs on school grounds
Provincial Resource Programs	**1,420,240**	The District hosts three provincial resource programs which are funded through Provincial Resource Program funding. These three programs provide educational services at Two Wolves Centre, University Hospital of Northern BC and provincially through the Fetal Alcohol Syndrome Disorder (FASD) Outreach Program.

Capital Fund Revenues

	2022/23		**2021/22 (restated)**	**Difference from Budget**		**Difference from Prior Year**	
	Budget	**Actual**	**Actual**	**$**	**%**	**$**	**%**
Province – MECC	4,354,887	4,199,481	5,125,307	-155,406	-4%	-925,826	-18%
Other Revenue	-	840	45,000	840	-	-44,160	-98%
Investment Income	-	35,983	-	35,983	-	35,983	-
Amortization of Deferred Capital Revenue	4,311,228	4,317,313	4,254,807	6,085	0%	62,506	1%
Total Revenue	**8,666,115**	**8,553,617**	**9,425,114**	**-112,498**	**-1.3%**	**-871,497**	**-9%**

Provincial Grants – Ministry of Education and Childcare is comprised of the portion of the Annual Facility Grant funding that the District receives from the Ministry that is used on facility maintenance, as well as the portion of Ministry funding the District receives for capital projects that is spent on Site purchases or improvements. The decrease in Ministry capital revenue in 2022/23 is due to $925K less spent on site improvements relating to the completion of the Shas Ti Kelly Road Secondary School project, compared to what was spent in 2021/22.

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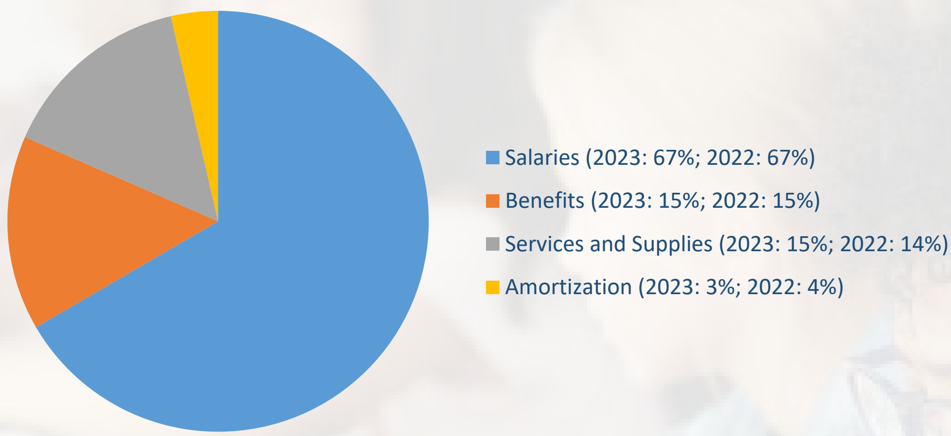
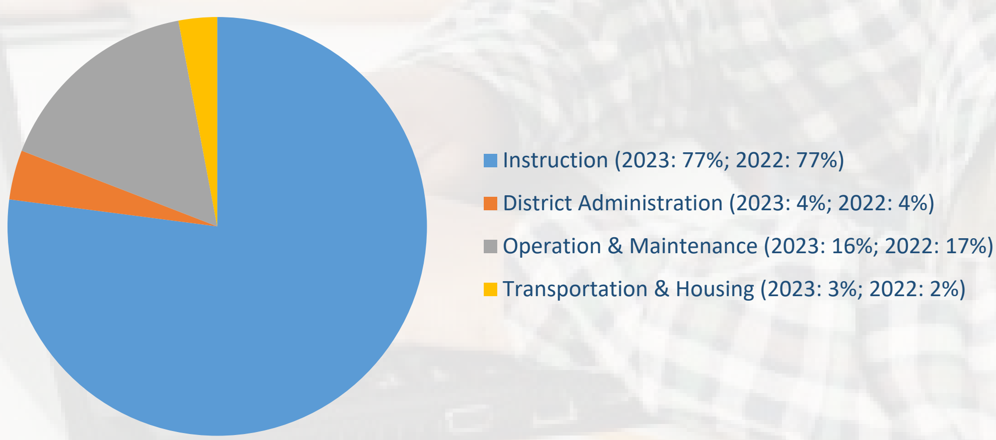
expenses

EXPENSES BY OBJECT



EXPENSES BY FUNCTION



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Expenses – All Funds

District expenses (all funds combined) for 2022/23 increased $7.3 million (4%) over the prior year, and were $2 million less than budget, as detailed in the table below.

Total Expense – all funds	2022/23		2021/22	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Salaries							
Teachers	69,138,098	67,622,825	66,150,310	-1,515,273	-2%	1,472,515	2%
Principals & VPs	10,538,415	10,429,159	9,926,878	-109,256	-1%	502,281	5%
Education Assistants	17,139,135	17,510,007	16,119,791	370,872	2%	1,390,216	8%
Support Staff	12,421,681	13,112,141	12,697,355	690,460	6%	414,786	3%
Other Professionals	9,445,140	9,393,016	8,876,199	-52,124	-1%	516,817	5%
Substitutes	3,933,678	5,064,659	4,473,855	1,130,981	29%	590,804	15%
Total Salaries	**122,616,147**	**123,131,807**	**118,244,388**	**515,660**	**0%**	**4,887,419**	**4%**
Benefits	27,229,995	27,623,870	27,354,493	393,875	1%	269,377	1%
Total Salaries and Benefits	**149,846,142**	**150,755,677**	**145,598,881**	**909,535**	**0%**	**5,156,796**	**3%**
Services and Supplies	30,397,985	27,464,582	25,357,169	-2,933,403	-12%	2,107,413	7%
Amortization	6,608,361	6,654,418	6,577,006	46,057	1%	77,412	1%
Total Expense – all funds	**186,852,488**	**184,874,677**	**177,533,056**	**-1,977,811**	**-1%**	**7,341,621**	**4%**

District salaries expense was $516 thousand over budget (0.4%), a 4% increase compared to the prior year, consistent with wage rate increases resulting from teacher and support staff collective agreements that were negotiated by the Province in 2022-23, as well as comparable wage increases for non-unionized employees.

Benefits costs were 1% higher than budget, due to a correlation with salaries exceeding budget, as well as benefits premium rates being slightly higher than expected.

Services and supplies costs were almost $3 million (12%) less than plan, and 7% higher than the prior year.

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District expenses are comprised of the operating, special purpose and capital fund expenses which are discussed below.

Operating Fund Expenses

Operating expenses for 2022/23 were $2 million less than budgeted, and were $5.3 million higher than the prior year. The table below presents operating expenses by function, compared to the 2022/23 budget and to the prior year operating expenses.

Operating Expenses by Function	2022/23		2021/22	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Instruction	124,919,200	123,326,487	118,646,428	-1,592,713	-1%	4,680,059	4%
District Administration	7,049,194	6,971,875	7,165,057	-77,319	-1%	-193,182	-3%
Operations and Maintenance	20,592,552	20,528,781	20,535,274	-63,771	0%	-6,493	0%
Transportation and Housing	5,381,308	5,074,242	4,246,170	-307,066	6%	828,072	20%
Total Operating Expense	**157,942,254**	**155,901,385**	**150,592,929**	**-2,040,869**	**-2%**	**5,308,456**	**6%**

Instruction

The Instruction function includes all costs (wages, benefits, services and supplies) directly related to the instruction of students, including regular classroom instruction, library services, counselling, special needs and English language learner student supports, Indigenous education programs and school administration costs. Wages and benefits costs make up 96% of total instruction costs. The $4.7 million (4%) increase in instruction costs compared to the prior year is primarily due to increased employee wages that were funded by the Ministry through labour settlement funding.

District Administration

The District Administration function includes all of the costs related to District governance and the administration of educational, business, human resources and labour relations activities. Approximately 31% of District administration costs are for centralized student learning supports. The remaining District administration costs represent approximately 3% of the total operating expenses of the District.

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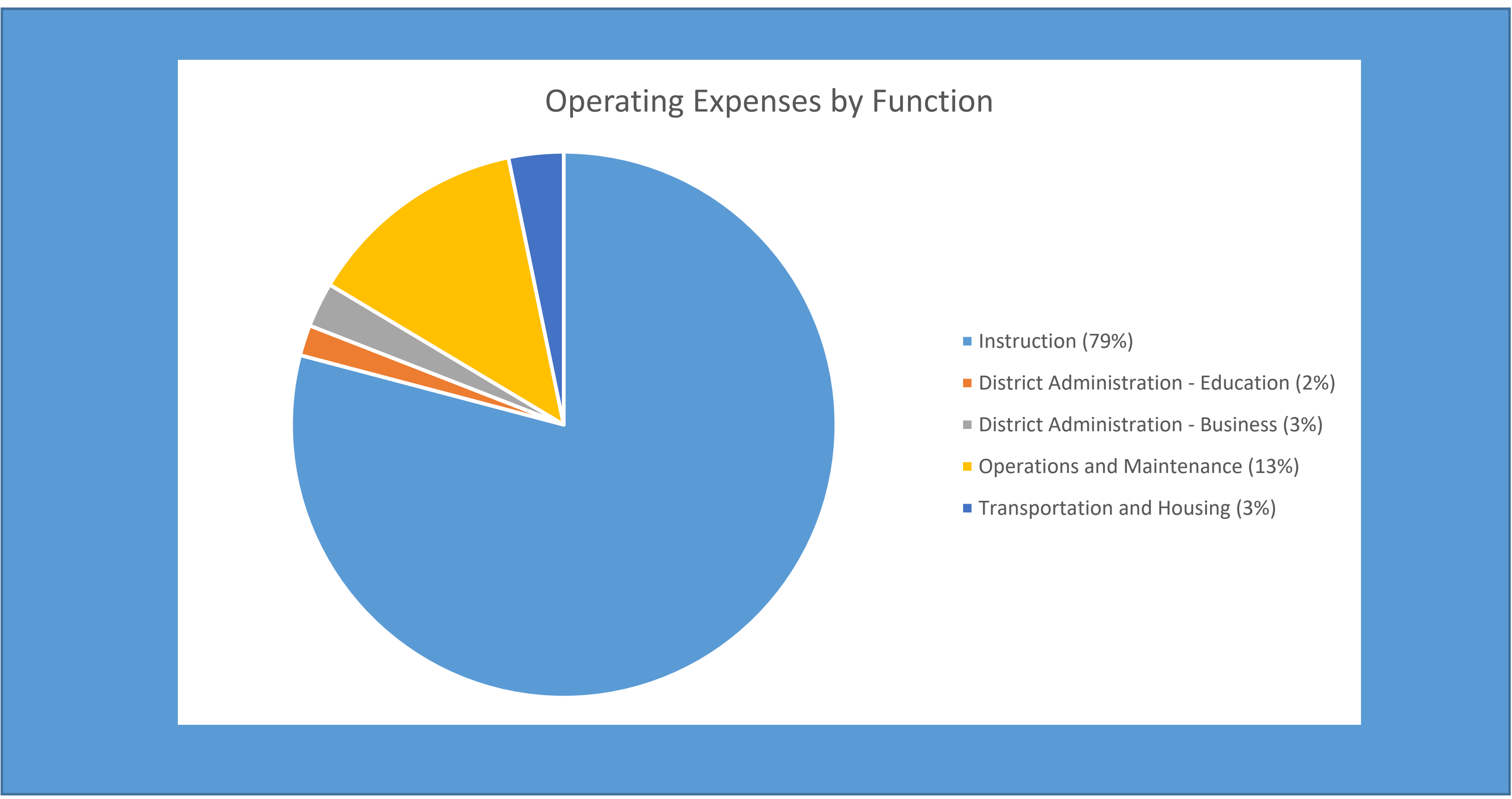
Operations and Maintenance

The Operations and Maintenance function represents 13% of the Districts operating expenses, and includes all costs related to the District's responsibility for the operation, maintenance and safety of sites, buildings, furniture, equipment and technology. It does not include any capital expenditures for District facilities. Operations and maintenance employee wage and benefits costs increased 4% from the prior year, however the District saw a decrease in utilities costs resulting from energy efficiency initiatives, resulting in total costs for the function remaining stable compared to the prior year, and approximately equal to budget.

Transportation and Housing

The Transportation and Housing function includes all costs of student transportation and housing and were $830 thousand 20% higher than the prior year, primarily due to increases in bussing contract rates and fuel costs. Costs were $300 thousand (6%) less than budgeted due to a reduction in contractor services due to driver shortages.



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Another way to look at the District's **operating fund expenses** is **categorized by object**, as shown in the table below.

	2022/23		2021/22	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Salaries	110,902,892	111,213,742	106,602,289	310,850	0%	4,611,453	4%
Benefits	24,521,007	24,837,003	24,687,651	315,996	1%	149,352	1%
Total Salaries and Benefits	135,423,899	136,050,745	131,289,940	626,846	0%	4,760,805	4%
Services and Supplies	22,518,355	19,850,640	19,302,989	-2,667,715	-12%	547,651	3%
Total Operating Expense	**157,942,254**	**155,901,385**	**150,592,929**	**-2,040,869**	**-2%**	**5,308,456**	**4%**

Salaries and Benefits

Overall, salaries expenses exceeded the budget by $311 thousand (0.28%). The District uses average salaries when budgeting for teachers, education assistants and school based support staff, which causes actual results to vary from the budget as a result of staff turnover occurring throughout the year. Also of note is that the CUPE collective agreements were ratified after the budget was prepared, so the costs (and funding) of retroactive wage increases for education assistants and support staff were not included in the budget amounts.

Benefits costs are budgeted for based on the average costs experienced by the District in the prior year, adjusted for known benefits rate increases. Actual results vary from budget due to benefits plan rate adjustments and employee utilization of benefits plans.

	2022/23 Budget	2022/23 Actual	$ Change	% Change
Teachers	60,013,292	58,721,495	-1,291,797	-2%
Principals & Vice Principals	10,418,162	10,307,852	-110,310	-1%
Education Assistants	16,200,881	16,557,151	356,270	2%
Support Staff	12,081,541	12,576,676	495,135	4%
Other Professionals	8,262,485	8,218,318	-44,167	-1%
Substitutes	3,926,531	4,832,250	905,719	23%
Total Operating Salaries Expense	**110,902,892**	**111,213,742**	**310,850**	**0%**

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Teacher salary costs were 2% less than budget primarily because the budget is based on a projected average teacher's salary, however the actual salary costs vary depending on the experience level of the teachers hired. As well, the District has experienced delays in filling some positions due to a tight labour market.

Education Assistant salary costs were 2% higher than budget, which is net impact of the approximately 4% wage increase paid (and funded) retroactively after the budget was prepared, less variances due to delays in filling positions.

The 4% increase in support staff salary costs is consistent with the wage rate increases occurring after the budget was prepared.

The cost of substitutes was $900 thousand (23%) higher than budget. Although levels of employee absenteeism have decreased from the prior year, they have not returned to pre-pandemic levels.

Operating Services and Supplies Expense

Services and supplies expenses increased 3% compared to the prior year, and were 12% less than budgeted, as shown in the table below.

	2022/23		2021/22	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Services	5,058,335	4,443,689	4,228,661	-614,646	-12%	215,028	5%
Student Transportation	5,297,560	4,980,709	4,164,554	-316,851	-6%	816,155	20%
Professional Development and Travel	1,655,089	1,213,518	1,252,607	-441,571	-27%	-39,089	-3%
Rentals and Leases	427,435	466,009	478,446	38,574	9%	-12,437	-3%
Dues and Fees	96,235	94,661	90,916	-1,574	-2%	3,745	4%
Insurance	387,500	358,119	325,657	-29,381	-8%	32,462	10%
Supplies	6,321,093	5,166,988	5,295,138	-1,154,105	-18%	-128,150	-2%
Utilities	3,275,108	3,126,947	3,467,010	-148,161	-5%	-340,063	-10%
Total Services & Supplies Expense	**22,518,355**	**19,850,640**	**19,302,989**	**-2,667,715**	**-12%**	**547,651**	**3%**

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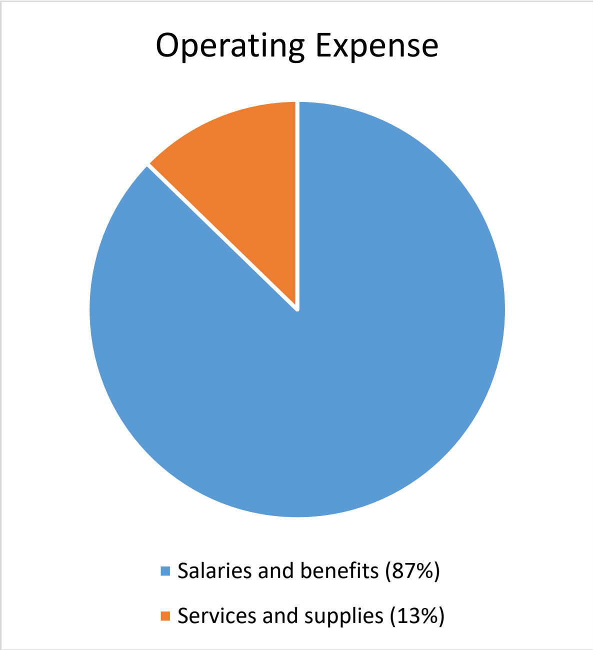
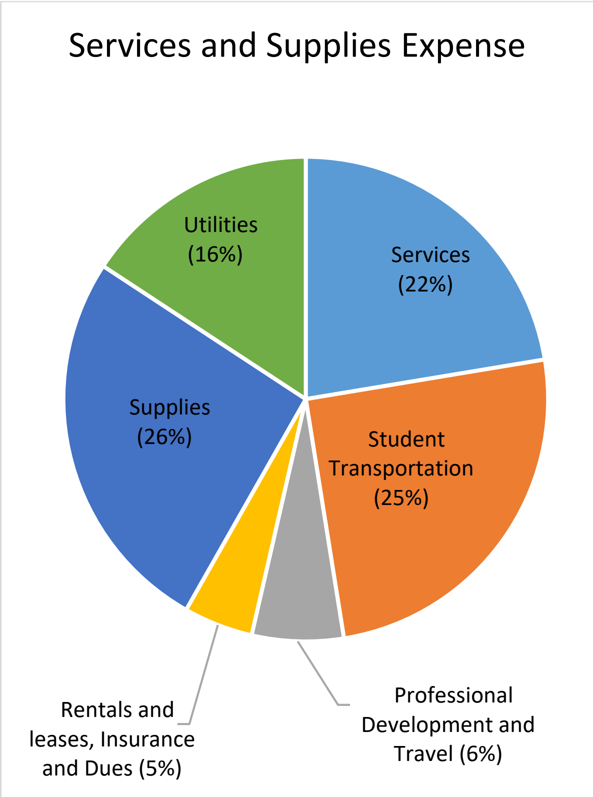
Services and Supplies expense comprise only 13% of the District's operating budget, as illustrated below.





Services expense include such things as computer maintenance, costs for professional and technical services, repairs and maintenance, snow removal, security services, bank charges, telephone services and photocopier usage charges. Services expense was 5% higher than the prior year, and 12% less than budget.

Due to staffing constraints, cost savings arose from various initiatives and projects being deferred. As well, budgeted services expense includes estimated expenditure of prior year surplus returned to school and department budgets, a portion of which schools and departments did not spend in 2022/23.

Student Transportation expense includes payments to First Student Transportation and Diversified Transportation, other contractors, public carriers and others individuals who provide transportation for District students to and from school and for curricular and extracurricular activities. Transportation costs were $816 thousand (20%) higher than the prior year due to increases in contract bussing rates and fuel charges. A 6% budget savings was realized on contract transportation services primarily due to route changes and under-delivered contract performance.

Professional Development and Travel expense includes costs incurred for training and travel. Costs included are registration fees, transportation, mileage allowances, meals, accommodation, per diem payments and other expenses. Costs were similar to the prior year, and $442 thousand less than budget. The limited availability of replacement staff impacts the ability of schools to release staff from their regular duties to participate in training. As well, approximately $150 thousand of the unspent professional development budget relates to obligations under collective agreements where unspent funds will carry forward to future years.

Rentals and Leases expense is the cost of rental or lease of land, buildings, vehicles and equipment for temporary or long-term use by the Districts. Costs were comparable to the prior year, and 9% over budget due to various vehicle leases being extended due to the unavailability of replacement vehicles for purchase resulting from automotive industry inventory shortages.

Dues and Fees -This includes membership fees and/or dues in professional organizations as determined by the policies, regulations and needs of the District.

Insurance - This includes the expenditures for all forms and types of insurance coverage, premiums, and deductibles. Insurance costs were 10% higher than the prior year due to an increase in the premium for the School Protection Program (property and liability insurance). Actual costs were 8% less than budget due to vehicle insurance and deductibles costs being less than budgeted.

Supplies - This item consists of expenditures for supplies and materials of a consumable and/or non- capital nature. This includes consumable supplies, learning resources, non-capitalized furniture and equipment and computer equipment. Budget for supplies in 2022/23 was similar to the prior year, and $1.2 million (18%) less than budget. Budgeted supplies expense includes estimated expenditure of prior year surplus returned to school and department budgets, a portion of which schools and departments did not spend in 2022/23.

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Special Purpose Fund Expense

Special Purpose Fund expenses for 2022/23 were $273 thousand (1%) more than budgeted, and were $2 million (11%) higher than the prior year. Please refer to Special Purpose Fund Revenue section for a detailed description of the individual special purpose funds, and a breakdown of the revenue and expense by fund for year.

Special purpose fund expenses, categorized by function, are summarized in the table below:

Special Purpose Expenses by Function	2022/23		2021/22	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Instruction	19,071,556	19,396,081	17,607,543	324,525	2%	1,788,538	10%
District Administration	102,507	102,507	97,771	0	0%	4,736	5%
Operations and Maintenance	801,203	791,924	653,144	-9,279	-1%	138,780	21%
Transportation and Housing	162,539	119,876	95,234	-42,663	-26%	24,642	26%
Total Operating Expense	**20,137,805**	**20,410,388**	**18,453,692**	**272,583**	**1%**	**1,956,696**	**11%**

Instruction

The majority of special purpose funds are intended for instruction purposes. Instruction costs were $1.7 million higher than last year, primarily due to funded increases employee salary costs, and $1.1 million of spending from the new Student and Family Affordability Fund. There was also $150 thousand of expenses funded from new Early Care and Learning funding.

Instruction costs were $325 thousand (2%) over budget, primarily due to retroactive support staff wage increases occurring after the budget was prepared.

District Administration

The District operates three Provincial Resource Programs (PRP) funded by the Ministry of Education and Childcare. Funding received by the District includes an administration fee, which is reported as District administration expense in PRP special purpose funds, and as revenue to the District in the operating fund.

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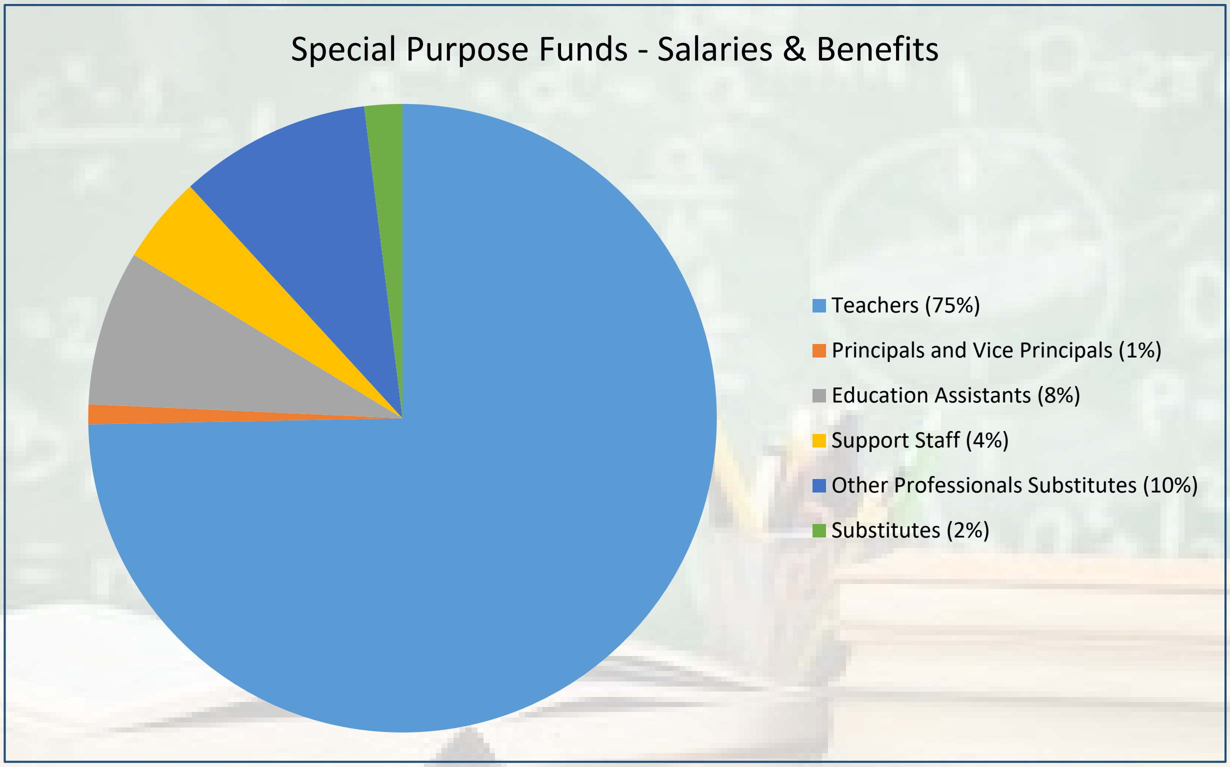
Operations and Maintenance

The majority of operations and maintenance expense ($667 thousand) includes expenditures from the Annual Facility Grant fund on routine maintenance of school facilities for accessibility upgrades, asbestos abatement, electrical, plumbing, and interior and exterior constructions upgrades, roofing and site upgrades such as drainage, sidewalks, paving and fencing. The District receives additional funding through the Annual Facility Grant program that is reported in the Capital Fund. The remainder of the operations and maintenance expense were utilities costs funded through the Federal Ventilation Fund.

Transportation and Housing

Transportation costs relate to enhanced student transportation services for Indigenous students living on reserve that are funded from the First Nations Student Transportation Fund based on a joint submission by the District and First Nations to the BCTEA Transportation Committee pursuant to the BC Tripartite Education Agreement.

Overall, salaries and benefits make up $12 million (58%) of special purpose fund expense. The breakdown of salaries and benefits expense by employee group is illustrated below.



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Capital Fund Expense

The Annual Facility Grant from the Ministry funds building maintenance costs. Some maintenance projects are classified as capital in nature, and are accounted for as an increase in the cost of the building, rather than being expensed as operations and maintenance expense.

The operations and maintenance expense noted in the table below is the portion of Annual Facility Grant expense that was not considered capital. Operations and maintenance expense will vary from year to year, depending on the nature of the Annual Facility Grant projects, and whether they are considered maintenance or capital costs.

The purchase or construction cost of the Districts capital assets is written off over the expected useful life of the asset, and the annual amount of this write off comprised the Amortization expense noted below.

Capital Expense	2022/23		2021/22	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Operations and Maintenance	2,164,068	1,908,486	1,909,429	-255,582	-12%	-943	0%
Amortization of Tangible Capital Assets	6,608,361	6,654,418	6,577,006	46,057	1%	77,412	1%
Total Capital Fund Expense	**8,772,429**	**8,562,904**	**8,486,435**	**-209,525**	**1%**	**76,469**	**11%**

Please refer to the Financial Position section for details of the cost of capital assets purchased or constructed during the year.

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FINANCIAL HEALTH

Liquidity

Liquidity is measured by taking financial assets over liabilities excluding deferred capital revenue and asset retirement obligation. A liquidity ratio of greater than one is desirable as this means that the District can pay current liabilities as they are due. A liquidity ratio of less than one indicates that the District will potentially struggle to meet short term obligations. A higher liquidity ratio means that the District can meet its short-term obligations and can better respond to changing circumstances.

Liquidity	2018/19	2019/20	2020/21	2021/22	2022/23
Financial Assets	34,938,652	29,554,598	32,099,254	27,397,972	31,387,877
Liabilities*	21,764,497	23,413,986	23,585,390	21,544,317	22,891,546
Liquidity	**1.61**	**1.26**	**1.36**	**1.27**	**1.37**

**adjusted for deferred capital revenue and asset retirement obligation*

Accumulated Surplus to Revenue

The chart below shows the District's operating revenues and accumulated net operating surplus over a five-year period. The five-year trend shows a decrease in the total surplus in dollars and as a percentage of revenue. The decrease over time is due primarily to a focus by the Board on using surplus funds for specific expenditures in order to meet the needs of the District.

Surplus to Revenue	2018/19	2019/20	2020/21	2021/22	2022/23
Operating Revenue	139,597,932	145,296,288	147,666,845	149,980,775	159,163,672
Accumulated Surplus	12,227,900	6,078,000	8,475,727	5,160,902	6,760,735
Surplus to Revenue	**8.76%**	**4.18%**	**5.74%**	**3.44%**	**4.25%**

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RISKS AND UNCERTAINTIES

Implementation of Restored Collective Agreement language

In the fall of 2016, the Supreme Court of Canada (SCC) issued its decision in the longstanding litigation between the BCTF and the BC government regarding the removal of certain collective agreement provisions. On January 11, 2017, the Ministry of Education (MOE), the BC Public Schools Employers Association (BCPSEA) and the BC Teachers Federation (BCTF) signed a Memorandum of Agreement re: Letter of Understanding (LoU) No. 17: Education Fund and Impact of the Court Cases – Priority Measures as the first step in responding to the decision of the SCC. On March 10, 2017, the MOE, the BCPSEA and the BCTF ratified a Memorandum of Agreement pursuant to Letter of Understanding (LoU) No. 17 (“the MoA”), to the 2013-2019 BCPSEA–BCTF Provincial Collective Agreement.

The Memorandum of Agreement fully and finally resolves all matters related to the implementation of the SCC decision from the fall of 2016. Since March 2017, steps have been taken by the District to ensure that the terms agreed to in the Memorandum of Agreement pursuant to Letter of Understanding (LoU) No. 17 (“the MoA”) are implemented for the 2017/18 through to the 2023/24 school year. This will result in additional teacher salaries and benefits and related overhead costs for the upcoming year. For 2023/24, additional funding of $10,59 million has been approved by the Ministry of Education and Child Care to offset the costs related to the implementation of the MoA. It is anticipated that this additional revenue may not cover all costs related to the restored collective agreement language which is a potential risk to the financial position of the School District. Stringent oversight and analysis will be implemented to understand, communicate and mitigate the financial risks associated with this continued implementation.

Aging Infrastructure

Existing School District budget allocations are not sufficient to support the procurement, maintenance or timely replacement of District assets. This means that IT hardware is not refreshed on a regular basis, the deferred maintenance for School District No. 57 facilities continues to grow and the facility condition index for District facilities continues to deteriorate. Any major equipment failures during 2023/24 must be funded from the contingency reserve.