1.0 Overview

This document will discuss and analyze the financial performance of the Greater Victoria School District ("the District") for the fiscal year ending June 30, 2022 and will provide clarity to the variances from prior years. The District financial

1.2 Board Authority, Roles and Responsibilities

The Board of Education has, as its primary role, the governance of the school district and the commitment to student

2.0 Strategic Plan

At its June 22, 2020 Regular Board meeting, the Greater Victoria Board of Education approved Strategic Plan 2020-2025. This Strategic Plan sets priorities and defines the path of our District.

The Strategic Plan has three goals:

1. Create an inclusive and culturally responsive learning environment that will support and improve all learners' personal and academic success.
2. Create a culturally responsive learning environment that will support Indigenous learners' personal and academic success.
3. Create an inclusive and culturally responsive learning environment that will support all learners' physical and mental well-being.

Operational plans for Information Technology for Learning (ITL), Finance and Facilities are in their infancy, and will become the direction for these infrastructure departments in the next strategic plan.

Goal 1

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

Strategy 1:
Develop and support high quality learning opportunities through the implementation of curriculum in order tTEMC2 TmlsFJETEMC2F> achievement.

Strategy 2:
Engage and collaborate withC2F>, families and sF tTEMC2 provide an inclusive learning environment that will enhance and support 2F>rning, identities and well-being.

Strategy 3:
Address the inequity of outcomes for diverse learners in literacy, numeracy, engagement and completion rates.

Goal 2

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

Strategy 1:
Critically examine personal and systemic biases, attitudes, beliefs, values and practices to increase student and sta understanding and appreciation of Indigenous worldviews, histories and perspectives.

Strategy 2:
Engage and collaborate with local Nations, Indigenous educators, Indigenous community leaders, Elders and families to enhance Indigenous student learning and well-being and identity.

Strategy 3:
Address the inequity of outcomes for Indigenous learners in literacy, numeracy, attendance and graduation rates.

Goal 3

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

Strategy 1:
Continue to provide professional learning opportunities to all sta in K-12 to further support implementation of social emotional learning, physical literacy and mental health literacy that improves outcomes for students and classrooms.

Strategy 2:
Work in collaboration with Ministry of Children & Family Development to provide joint educational planning and support for children and youth in care that helps develop the child's personality, talents and mental and physical abilities to the fullest for current and future success.

Strategy 3:
Engage and collaborate with families to encourage awareness of and engagement in physical literacy and mental health literacy that improves outcomes for students in classrooms and at home.

Strategy 4:
Address the inequity of opportunity for all learners to maximize physical health and mental well-being.

3.0 Financial Governance and Planning Cycle

3.1 Planning Cycle

3.2 Budget Advisory Committee

The Board of Education values consultation as an important part of budget development and monitoring. The Board also recognizes and accepts its responsibility to approve the annual budget. The Budget Advisory Committee (the "Committee") is advisory in nature and reports directly to the Board through the chair of the committee.

The Committee was formed in November 2021. The purpose of the Budget Committee is to oversee the District's budget process, make recommendations and deliver reports to the Board of Education with a focus on provision of service for every student to succeed, recognizing that all learners are unique and have di□ering needs.

Composition

- All Trustees of the Board
- Superintendent
- Secretary-Treasurer
- Deputy Superintendent
- Associate Superintendent(s)
- Associate Secretary-Treasurer
- Director of Finance, Budgets and Financial Reporting
- Director of Facilities
- Director of Indigenous Education as the conduit to and from the Four Houses
- Two Principals/Vice-Principals
- Two representatives from each of the GVTA, CUPE Local 947, CUPE Local 382, Allied Specialists Association, and VCPAC
- One representative from each of the Songhees Nation, Esquimalt Nation, Urban Peoples' House Indigenous Advisory (UPHIA) and the Métis Nation of Greater Victoria

Duties & Responsibilities

Audit Sub-Committee (Bylaw 9130.4)

The Audit Sub-Committee (the "Sub-Committee") mandate exists to assist the Board in fulfilling its financial oversight responsibilities. The committee is advisory in nature and reports directly to the Board through the Chair of the committee.

3.3 Presentations and Information Sharing

2021/22 Operating Budget

The 2021-2022 budget development process was challenging due to the fact that the Board faced its first deficit in a decade resulting from enrolment decline both local and international due to COVID-19 (the "Pandemic"). The District had depended on large surpluses remaining at year ends to balance future years' budgets.

Many presentations were made in public committee and board meetings to build understanding amongst Trustees and the community. A special advisor was contracted as an independent third party to verify information, context and status. The results of the advisor's findings were made publicly available.

Presentations and information sharing opportunities were as follows:

4.0 Financial Statement Composition Overview

The District uses fund accounting, and each of these funds has restrictions on accounting for revenues and expenditures. There are three funds that are reported in the financial statements:

Operating Fund

Includes revenue and expense related to the daily operation of the District, including school and administrative functions.

Special Purpose Funds

Funding is restricted for a specific purpose and includes school generated funds. These funds do not report a surplus as revenues are only recognized when the related expenditure occurs. There may be a deficit in this fund which is then transferred to the Operating Fund or Capital Fund depending on the nature of the expenditure.

Capital Fund

This fund includes financial activities for tangible capital assets. The Ministry of Education and Child Care provides capital funding which is accounted for using the deferral accounting methodology whereby capital revenue is recorded over the life of the related asset to match the amortization expense recorded in the financial statements. Therefore, the revenue reported in the financial statements does not match the actual capital funding received in a year.

Assets purchased in the Operating and Special Purpose funds are also recorded on the Capital fund balance sheet.

4.1 Statement of Financial Position

5.0 Financial Highlights

5.1 Enrolment

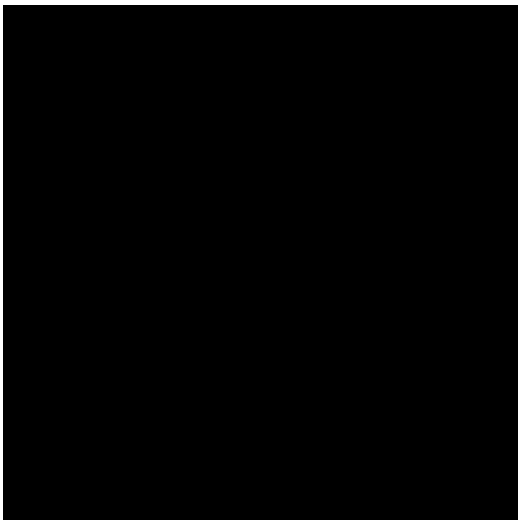
For the ten year period 2004-2005 to 2013-2014 the District experienced declining enrolment similar to much of the province. The District experienced a period of growth for the six year period 2014-2015 to 2019-2020. With the onset of the Pandemic the District experienced severe enrolment decline in 2020-2021 and since then has made a steady recovery to near pre-pandemic levels, but still lower than the highest enrolment in 2004-2005.

5.2 Revenues

Total revenues for the District were $265 million for 2021/22. Revenue is heavily reliant upon funding from the Provincial government which is based mainly on student enrolments. The grant is calculated on student enrolment which is compiled through a data collection process called 1701 in September, February, May and July. The District receives a fixed amount per full-time equivalent student (FTE). The District also receives supplementary grants for students who are identified as having unique needs and for other demographic and geographical factors.

86% of the District's revenue is from Ministry of Education and Child Care funding, 6% of revenue is tuition, 1% of revenue is rentals and leases and 3% are funds raised by schools through their non-public funds. 1% of revenue is generated from the proceeds of the conclusion of the Caledonia land exchange, long term lease, land acquisition and land disposal. 3% is associated with the recognition of deferred capital grants, and the balance through other revenue programs such as investment income.

Revenues increased 5.3% versus last year due mainly to the Caledonia proceeds, and increased local and international enrolment increases over 2020/2021, the District's most impactful COVID-19 year in terms of enrolment. As well rentals and lease revenue increased due to the opening up of facilities a□er the COVID-19 restrictions.



5.4 Reserves

Operating

Unrestricted Reserves (formerly called Operating Reserve and International Education Reserve in the June 30, 2021 financial statement notes) decreased in 2021/22 from $2,167,641 to $1,501,254.

In June 2022 the Board updated its Operating Surplus policy to hold between 2% and 4% unrestricted operating surplus (contingency) as a percentage of operating revenue. It is anticipated the Board will need 2-3 years to reach a 2% unrestricted operating reserve as it recovers from the Pandemic and enrolment trends continue upward.

Elementary and Middle schools are permitted to carry over $40,000 budget surpluses to the next year. Secondary schools are permitted to carry over $80,000. The total school surpluses (which are included in restricted reserves) decreased by $245,358 this year to $1,407,776, due to improved spending patterns and schools' anticipation of the new year's allocation reduction based on historical carry forwards to balance the 2022/23 budget.

Surplus projections during the next year's budget process continue to show good trending with variance in projected operating surplus of $7.1 million versus aed.

6.0 Financial Analysis of the District

6.1 Analysis of Operating Results to Budget and Last Year

The following is a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2022. This section of the report is a summary of the District's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year, as well as in comparison with the current year's budget. These sections are broken down into three areas: Revenues, Salaries and Benefits, and Supplies and Services.

Revenues

Both local and international enrolments were higher than projected in February 2021 for local enrolment and Spring 2021 budget projections for the International Program as reflected in increased revenues in Provincial Grants and Tuition revenues.

Provincial Grants, Other are comprised of A□er School Sport and Arts Initiative (ASSAI) grants from the Ministry of Tourism, Arts, Culture and Sport, the ERASE School District Mentorship Grant from the Ministry of Public Safety and Solicitor General, and from the sale of surplus assets through public auction by the Province of BC Asset Investment Recovery Service.

Rentals and Leases revenue has increased from the prior year as a result of opening up school facilities to external rental clients post-pandemic, as well as clarification of rental policies resulting in improved availability of space to rental clients.

The budget and actual income are lower in the current year as a result of lower interest rates due to the Pandemic. Interest rates started at 1.45% in July 2020 and dropped to 0.95% in July 2021.

Other Revenue includes other grants, fees, commissions, rebates and general donations. The amount and timing of this revenue varies each year. The budget in the current year was increased in anticipation of higher administrative fees in International Education and to incorporate budget16 (a)nies eas increased in anticirin ity ternanticirtional Education 5nd to incor

Professional Development and Travel expenses are lower than the prior year due to reduced services from the District/ Learning Team. In 2020/2021 the Equity of Opportunity grant was allocated to the District team for capacity building initiatives. In 2021/2022 the Equity of Opportunity grant was reallocated to general revenue as the Board balanced its deficit for the 2021/22 fiscal year.

The budget for Rentals and Leases expenditures was reduced slightly in the current year to reflect the expected cost of the operating leases on fleet vehicles for Facilities Services. Actual expenditures in the current year are comparable to the prior year.

Supplies' current year expenditures are lower than the prior year mainly due to one-time purchases in the prior year for the opening of Lansdowne Middle School South campus.

Utilities costs, particularly natural gas, have increased compared to the prior year. The District employs an Energy Manager, partially funded by BC Hydro. The e□orts of the Energy Manager are making a di□erence to the District's energy consumption however increasing energy unit costs do not financially reflect the reduced consumption.

6.2 Special Purpose Funds

Special Purpose Funds consist of restricted grants and other funding subject to a legislative or contractual restriction on its use. These revenues are deferred until the relevant expenditures are incurred.

Grant	Source	Amount Received	Amount Expended	Amount Recovered	Discussion
Early Childhood					

The District has the following carry forwards in 2021/2022 as related to significant Special Purpose grants where expenditures were less than the deferred revenue received.

Special Purpose Funds	2021/22 ACTUAL	2020/21 ACTUAL	Increase (Decrease) vs PRIOR YEAR $	Increase (Decrease) vs PRIOR YEAR %	2021/22 ACTUAL AS A % OF TOTAL SPECIAL PURPOSE %

6.3 Capital Fund Accounts

Capital fund schedules provide information on the District's tangible capital acquisitions and the net book value of these acquisitions. The Capital Fund includes capital expenditures related to land, buildings, computer hardware and so□ware, vehicles and equipment that are funded from Ministry of Education and Child Care capital grants, land capital, local capital, the operating fund and special purpose funds.

During the year ended June 30, 2022, the District invested $33.9 million in capital additions including $23.5 million in Work in Progress for Victoria High School and Cedar Hill Middle School seismic projects.

Capital Asset Additions	2021/22 ACTUAL	2020/21 ACTUAL	Increase (Decrease) vs PRIOR YEAR $	Increase (Decrease) vs PRIOR YEAR %	2021/22 ACTUAL AS A % OF TOTAL CAPITAL ASSET ADDITIONS %
Sites (Land)	1,144,523	-	1,144,523		3.4%
Buildings	4,699,270	13,260,631	(8,561,361)	-64.56%	13.9%
Furniture & Equipment	1,653,709	2,390,895	(737,186)	-30.83%	4.9%
Vehicles	15,476	94,320	(78,844)	-83.59%	0.0%
Computer Hardware	1,527,855	2,005,137	(477,282)	-23.80%	4.5%
Increases to Capital Assets	**9,040,833**	**17,750,983**	**(8,710,150)**	**-49.07%**	**26.7%**
Work in Progress	24,872,546	13,889,467	10,983,079	79.07%	73.3%
Total Increases & Work in Progress	**33,913,379**	**31,640,450**	**2,272,929**	**7.18%**	

The 2021/22 funding to provide these additions came from the following sources: $30.1 million from the Ministry of Education and Child Care, $0.6 million from District Operating Funds, $0.5 million from Special Purpose and $2.7 million from Local Capital.

6.4 Major Capital Projects

Victoria High School Seismic & Expansion is currently under construction and expected to be occupied in September 2023. The project includes a major renovation of our oldest school, added capacity of 200 seats, and a Neighbourhood Learning Centre (NLC) that co-locates the International Community Association, as well as providing enhancements to the new Multi-purpose Room to make it more flexible for school and community use, and the astronomy deck/outdoor classroom. Site works will include additional parking and landscaping and a new artificial turf field as a part of the NLC funding package. The budget of $79 million is made up of $76.4 million from the Ministry of Education and Child care, $3.3 million from the District, and over $800,000 from community partners for the artificial all weather turf field.

The Cedar Hill Middle School Seismic project is a replacement school for 575 students and a design that will allow for future expansion if mid-long term enrolment growth dictates capacity pressures. The

6.6 Reserves—Operating and Capital Balances

Reserves

Internally Restricted Surplus—Operating Grant		
Internally Restricted by the Board for:		
Constraints on funds	476,914	
Anticipated Unusual Expenses	71,000	
Operations Spanning Multiple Years	6,169,453	
Future Capital Cost Share	-	
Sub-Total Internally Restricted:	6,717,367	6,717,367
Unrestricted Operating Surplus—Contingency		1,501,254
Total Internally Restricted Surplus—Operating Fund		8,218,621
Invested in Tangible Capital Assets		44,716,211
Local Capital Surplus		3,477,091
Total Accumulated Surplus		56,411,923

1. Operating Fund Surplus

The Board of Education is responsible for ensuring the District is protected financially from forecasting risk and unforeseen circumstances. Therefore, they have established an Operating Surplus policy that allows the District to budget for an accumulated operating surplus to serve as a contingency reserve for the risks associated with unexpected increases in expenses and/or decreases in revenues related to major emergent operating issues, one-time costs and intermittent projects.

Details of Internally Restricted categories for Constraints on Funds, Anticipated Unusual Expenses and Operations Spanning Multiple Years are as follows:

Restricted due to the Nature of Constraints on the Funds		
Holdback Grant	93,256.00	
Early Learning Framework (ELF) Grant	5,847.00	
ERASE Grant	7,582.00	
Equity Scan Grant	1,792.00	
Indigenous Education Harvest4Knowledge Grant	1,653.00	
Indigenous Education LEA Capacity Building Grant	10,927.00	
Indigenous Education Graduation and Scholarship Fund	4,195.00	
Cooper Smith Music Library Collection	49,151.00	
Speech Language Pathologists (SLP) Professional Development Fund	6,425.00	
Psychologists Professional Development Fund	4,754.00	
Principals and Vice Principals Professional Development Fund	58,310.00	
Allied Specialists (ASA) Professional Development Fund	8,311.00	
CUPE 947 Professional Development Fund	96,768.00	
CUPE 382 Professional Development Fund	18.00	
CUPE 382 Service Improvement Allocation	127,945.00	476,914.00
Shared Minor Capital—New Classrooms due to Enrolment Growth	25,000.00	
Recos 0 0 1twnDg (en-US)/MCID 1850 BDC BT11 0 03/T10 1 Tf10 0 0 nti-Rangsm BT11 0 0 11 459.2429 440.875 Tm(25,020.00)TjETEMC /P <</Lang (e		

2. Capital Fund Surplus

There are two categories of Capital Fund Surpluses:

The Local Capital reserve fund represents a portion of accumulated operating surpluses designated to fund the purchase of Tangible Capital Assets which are not funded directly from the Ministry of Education and Child Care. The Local Capital Reserve fund is increased if the Board of Education passes a motion to transfer operating surpluses to Local Capital.

The Invested in Tangible Capital Assets

Enrolment Growth

The District's mid-term student enrolment projections show ongoing, moderate growth across the District a□er which the enrolment will flatten. Some schools in the District are experiencing capacity pressures during a period of high capacity utilization in buildings as enrolment growth that the District has realized over the past few years, the Pandemic excluded, moves through the grade configurations. Once the enrolment levels out, pressure at elementary should lessen.

Funding Model Review

The majority of the District's operating funding is provided by the Ministry of Education and Child Care and is based on student enrolment and other factors. The current funding formula has been in place since 2002. In 2018, the MOE began a review of the formula and work is currently underway on the development, review and consultation on a potential new formula. While it was expected that the new formula would be announced and implemented for 2020/21, the Ministry has postponed the decision to implement any changes at this time. It is not known whether a new formula will have a positive or negative impact on the operating budget. In particular any movement from per course funding to per student funding (FTE versus Headcount) will result in a $3 millionP7ent hTi is bedm, rOnce per c8.1 (t3 (, r)P7ent hTidnding t)1 per st (, r1 (ding)]TJETE

8.0 Questions or More Information

This financial report is designed to provide a general but more detailed overview of the District's finances and to demonstrate increased accountability for the public funds received by the District.