WEST VANCOUVER SCHOOLS

A world of opportunity

Financial Statement Discussion and Analysis

For the Year Ended June 30, 2022

September 20, 2022

Introduction

The following is a discussion and analysis of West Vancouver School's (WVS) financial performance for the fiscal year ending June 30, 2022, summarizing currently known facts, decisions, and conditions. This report should be read in conjunction with WVS' Financial Statements for the same period.

A separate document, "Guide to Financial Statements" has been prepared to assist users of WVS Financial Statements in understanding the information provided. You are encouraged to review the guide in conjunction with this document.

Overview

The financial and capital resources of WVS are managed in order to maximize support for the strategic plan and educational goals of the West Vancouver Board of Education (the Board). In fiscal 2021/22 WVS focused on continuing to provide innovative and comprehensive education despite the lingering challenges posed by the Covid 19 pandemic, which include significantly reduced international student enrolment and fee revenue. WVS remained dedicated to student success, providing superior public education using an inquiry model and implementation of the refreshed provincial curriculum and assessment tools, ongoing development and adoption of technology in the classroom, physical literacy, Applied Design, Skills and Technologies (ADST) curriculum, and expanded programs of choice and academy offerings. Teachers continued to provide exceptional in-person instruction and support while complying with ongoing health authority guidelines, and athletic competition resumed, with WVS students participating in a wide variety of intra and extra-curricular sports activities.

Goal 1 – Maintaining student success

- Emphasis was placed on the WVS's Framework for Enhanced Student Learning (FESL) goals, which included:
    - Fostering an increased sense of belonging for all students (human & social development)
    - Improving numeracy achievement, with a focus on Indigenous students (intellectual development)
    - Increasing Grade 10 student preparation for the post-secondary transition (career development)

- Student support services
    - Continuing focus on supporting the learning of all students
    - Maintaining non-enrolling teacher ratios to meet the needs of vulnerable learners
    - Thoughtful placement of educational assistants in response to areas of challenge identified by school-based teams and stakeholder consultation
- Equity, Inclusivity and Diversity:
    - Continued integration of First Nations learning principles
    - Implementation of a joint transportation plan with the Squamish Nation for on-reserve students;
    - Continued progress towards a Protocol Agreement with the Squamish Nation
    - An enhanced focus on equity, inclusivity and diversity, with multiple speakers and events for staff, students and parents

Goal 2 – Enhanced learning through the use of technology

- Increased digital resource offerings and expanded access to on-line content
- Continued FTE for specialized technology teachers providing district-wide support in the classroom
- Additional IT department staffing to support WVS digital needs
- Ongoing investment in refresh of district devices
- Significant capital investment in district-wide IT infrastructure upgrade

Goal 3 – Applied Design, Skills and Technologies curriculum (ADST)

- Continued growth of robotics, coding and digital arts at elementary level through Ignite Your Passions choice programming
- Continued growth of robotics academy at secondary level
- Highly successful resumption of in-person participation in both Provincial and World robotics competitions

Goal 4 – Physical literacy

- Ongoing pro-d provided by our two teacher mentors combined with a return to in-person participation resulted in an improvement in the number of Gr K - 3 students meeting the five basic competencies. Skill acquisition rose from 50.1% in 2018 to 88.5% in 2021
- Development of full scope and sequence resources for K-7 teachers
- Continuation of longitudinal research and partnership with Vancouver Coast Health

Goal 5 – Sustainable educational organization

- Continued reduction and careful use of resources in response to the ongoing reduction in our International student enrolment
- Significant deployment of special purpose funding for mental health and site health & safety, with a focus on mental and emotional health support for staff and students, as well as covid 19 protocol compliance
- Cautious capital planning processes, restricting new projects to available capital funding and suspending “nice to have” upgrades in order to preserve operating funds
- Continued focus on preventative maintenance resulting in reduced operations costs while ensuring the sustainability and safety of physical assets
- Continued modification of HVAC operations to provide maximum fresh air circulation, and deployment of portable air purifiers in all spaces without HVAC
- Full implementation of the auto-callout process for custodial staff, which ensured efficient deployment of custodians to maintain the hygiene protocols necessary under pandemic conditions

Enrolment and Staffing

The primary source of funding for WVS is our Ministry Operating Grant, which is based on our student enrolment. Our annual expenditures are primarily associated with staffing and related compensation and benefits, and staffing levels fluctuate in concert with both total student FTE and shifts in student demographics in areas requiring non-enrolling staff. In 2021/22, we no longer received the support of Federal and Provincial covid grants, which had provided for staff necessary to support health protocols and remote learning in the pandemic environment. An allocation from our operating grant was required to maintain the additional support and custodial staff required in this area, and the custodial staff FTE was discontinued in the final quarter of the year.

Enrolment

	Prior Year	Current Year	CY/PY
Student FTE	6945.125	6950.75	5.625
Summer FTE	127.688	172.875	45.187
Total	7072.813	7123.625	50.812

Staffing

	Prior Year	Current Year	Variance CY/PY
Teachers	430.6912	429	(1.6912)
Educational Assistants	144.1214	143.3	(.8214)
Support Staff	115.00	113.2	(1.8)
Principals & Vice-Principals	41	41	0
Other Professionals	30.2	30.6	.4
Total	761.0126	757.10	(3.9126)

Financial Highlights (Consolidated Fund Summary)

(Statement 2, Schedules 1,2)

The statement portion of the WVS' financial statements presents a consolidation of three funds – Operating, Capital and Special Purpose. WVS' consolidated revenues are comprised of 84% Ministry funding (of which 3% is associated with the recognition of deferred capital revenue), 10% International student gross revenue, 5% Programs of Choice & Academies gross revenue, and 1% miscellaneous (interest & rentals).

In the prior year Ministry funding comprised 89% (of which 2% is associated with the recognition of deferred capital revenue), International was 7%, and Programs of Choice and Academies was 5%. Included in revenue was a capital loss of $679k.

The change year over year is due to the changing pandemic conditions, whereby the cessation of provincial and federal covid funding was offset by a modest improvement in International, Programs of Choice, and Rentals revenue, all of which saw increased enrolment or participation as the pandemic conditions eased. Additionally, there was a small increase in deferred capital revenue recognition and no capital losses.

WVS is committed to maximizing spending in the classroom. In 2021/22, 83% of WVS consolidated expenses were associated with instruction, 3% with administration, 13% with operations and maintenance, and the remaining 1% with transportation.

				Variance	
	Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
Revenue	84,326,772	85,135,631	86,741,438	2,414,666	1,605,807
Expenses	83,767,965	88,486,407	89,169,359	5,401,394	682,952
Annual Surplus (Deficit)	**558,807**	**(3,350,776)**	**(2,427,921)**	**(2,986,728)**	**922,855**
Accum. Surplus – Op'g	5,706,543	1,888,383	2,538,373	(3,168,170)	649,990
Accum. Surplus - Capital	24,661,636	25,663,569	25,401,885	740,249	(261,684)
Total Accum. Surplus	**30,368,179**	**27,551,952**	**27,940,258**	**(2,427,921)**	**388,306**

Increases in consolidated revenue over prior year and budget are the result of improved International and local enrolment, ongoing funding for negotiated labour settlements, early childcare and mental health special purpose funds, and increased activity in site rentals. These increases were offset in part by the cessation of special covid funding from the federal and provincial governments.

Increases in consolidated expenses are the result of a significant increase in capital expenditures related to an ongoing IT infrastructure project, additional enhancement expenditures related to prior year holdback funds, and salary and benefit increases related to both provincially negotiated salary increases and staffing associated with a return to full in-person learning and increased enrolment numbers. Substitute teacher (TTOC) costs also increased significantly over the prior year.

Summaries of each fund are provided below:

Operating Fund (Schedules 2, 2A, 2B)

Operating Revenues:

Provincial Grants: As a result of labour settlement funding being rolled into the operating grant, the enrolment-driven operating grant per-student funding increased by $325/FTE, as well as some minor increases in unique student per/FTE funding, but WVS net government funding year over year remained relatively status quo.

International: International revenues increased by approximately 41% over the prior year, due to increased enrolment of 42 FTE related to the gradual easing of the Covid 19 pandemic and its impact on international travel and economics, as well as an increase of 99 students in our homestay program. Overall, international revenue increased by a total of $2.5m, but this improvement is offset by a matching increase in homestay expenses of $650k, resulting in a net increase in revenue of $1.85m in this area.

Other, Rentals, Investment: We resumed a full slate of academy offerings and programs of choice in 2021/22, with associated revenue exceeding the prior year by 6%. Elementary band, which operates on a cost-recovery basis, also resumed full operations that resulted in a small increase in fee revenue. WVS was very pleased to see before/after care services return to pre-covid levels, and we were also able to resume full site access for after school program rentals. Altogether the lease and rental revenue improved over the prior year by 3%.

Operating Expenses:

Salaries and benefits accounted for 88% of total operating expenses in 2021/22. Overall, total salaries increased by $2.9m, due to negotiated salary increases, enrolment growth and demographic shifts, a return to full in-person learning, and significantly higher TTOC costs. Additionally, the continuation of some covid-related support staffing despite the cessation of government covid support, meant costs that had been charged to special purpose funds in the prior year were recorded in the operating fund in 2021/22. Benefit funding also increased as more extended health services were accessed once the pandemic conditions eased.

While international student revenues did not recover as quickly as expected, increased enrolment did have an impact on operating expenses, not only with increased staffing costs in salaries and benefits as staff were added back to the Int'l department, but with increases in agent fees, homestay fees, and orientation fees.

Savings derived from relaxing physical distancing protocols and reducing extra bus routes were offset by increasing gas prices that impacted our contractual cost. Pro-D and travel costs increased as health protocols and travel restrictions eased. Rental costs increased as facilities fleet vehicles aged out and were replaced by leased vehicles, and utility costs increased significantly across the board, including a 40% increase in gas prices. Custodial and HVAC costs covered by special covid funds in the previous year were returned to costs in the operating fund. General supplies costs increased due to increased enrolment and inflation.

Operating Fund Reserves:

WVS opened the 2021/22 fiscal year with an unusually large reserve balance of $5.7m, which was the result of structural surpluses in both 2019/20 and 2020/21 arising from pandemic-related funding and reduced operating costs. With the expectation of a return of international revenues to pre-covid levels, and in alignment with goal 2.2 of their Strategic Plan ("Future-proof our Organization"), the Board approved a $1.4m expenditure for IT-related infrastructure upgrades to improve connectivity at over 50% of the district's schools. This required a transfer from the operating fund to the capital fund via a direct drawdown of accumulated surplus. However, the international recovery was not quite as strong as hoped for, while we saw a return to near-normal operational costs, on top of the cessation of special purpose funds to cover ongoing covid-related staffing costs. Together, these factors put pressure on the operating budget and created a structural deficit of $1.6m.

While concerted efforts to reduce costs kept this deficit close to $1m less than the 2021/22 amended budget forecast, together with the IT capital expenditures the district is left with reserves of only $2.5m. This meets Ministry guidance and best practice with a contingency of 3% of total operating expenses. However, the 2022/23 preliminary annual budget requires a restriction of $2.1m to balance, and an additional $.5m was earmarked for further IT investment. This investment will be now be curtailed to ensure sufficient reserves are on hand to meet expenses, but this will leave only minimal reserves for the years beyond 2022/23.

Once actual enrolment figures are known for 2022/23, work will begin to identify areas of potential cost savings in order to reduce the 2022/23 budget and those to follow, providing a contingency for future years that remains in line with best sector practices and our Board's Strategic Goal #2.7, which demands business practices that promote a stable and sustainable organization and maintain targeted levels of reserves.

Statement of Financial Position (Statement 1)

The following table provides a comparative analysis of WVS' Net Financial Position for the fiscal years ending June 30, 2021 and 2022, with a review of significant year over year changes discussed below.

	Prior Year	Current Year	Difference
Financial Assets			
Cash & Cash Equivalents	22,707,067	**19,759,164**	(2,947,903)
Accounts Receivable			
Due from Ministry	68,351	**419,603**	351,252
Other	978,645	**916,663**	(61,982)
Portfolio Investments	27,000		(27,000)
Total Financial Assets	23,781,063	**21,095,430**	**(2,685,633)**
Liabilities			
Accounts Payable & Accrued Liabilities	8,236,687	**8,295,911**	59,224
Unearned Revenue	6,762,160	**6,809,427**	47,267
Deferred Revenue	2,679,373	**2,685,936**	6,563
Deferred Capital Revenue	37,278,578	**37,214,173**	(64,405)
Employee Future Benefits	1,765,955	**1,925,778**	159,823
Total Liabilities	56,722,753	**56,931,225**	**208,472**
Net Debt	(32,941,690)	**(35,835,795)**	**(2,894,105)**
Non-Financial Assets			
Tangible Capital Assets	62,489,143	**63,164,987**	675,844
Prepaid Expenses	820,726	**611,066**	(209,660)
Total Non-Financial Assets	63,309,869	**63,776,053**	**466,184**
Accumulated Surplus (Deficit)	30,368,179	**27,940,258**	**(2,427,921)**

Cash & Cash Equivalents decreased due to timing differences year over year, including higher balances of receivables and smaller balances of payables at June 30, as well as the decrease in government covid funding.

Accounts Receivable from Ministry increased by $200k related to new minor capital projects where certificate of approval funds drawdowns had not yet been made, as well as $125k in federal ventilation funding which has yet to be received. Timing of GST rebates and an increase in extended health surpluses also increased receivables.

Accounts Payable changes are due to timing differences year over year with respect to when employee benefits payments and vendor cheque runs occur. The increase in employee future benefits is the result of new actuarial estimates from the Ministry, which are recalculated periodically and consider changes in staff demographics, long term health projections, interest rates and economic factors. Unearned revenue increases reflected an increase in International enrolment and the associated prepaid tuition fees, and deferred capital revenue decreased as a result of adopting the ½ year amortization rule, with the resulting increased amortization cost exceeding the cost of capital additions in the year.

Tangible Capital Assets increased as a result of the current year capital additions now being taken into capital in the year the cost is incurred, as well as significant capital investments in the operating fund, as well as Ministry-provided capital funding.

Prepaid Expenses decreased as covid restrictions have eased and employees are resuming use of extended health benefits, with a corresponding decrease in our benefit surplus. Timing differences year over year in when 2022/23-related expenditures are made also impacts this category.

Statement of Operations – Operating Fund

Revenue (Schedule 2A)

Grant Revenue

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
66,597,783	66,887,976	66,921,794	324,011	33,818

Grant revenues were higher than the prior year due to the increase in per/student funding.

Tuition Revenue – Summer School

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
41,900	0	43,900	2,000	43,900

Summer school revenue represents fees paid by International students for summer school. While there was a slight improvement over the prior year, International enrolment remains at low levels. Due to uncertainties around the pandemic situation a conservative approach was taken and this revenue was not budgeted for in 2022/23.

Tuition Revenue - International

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
5,915,533	8,081,825	8,324,817	2,409,284	242,992

International student enrolment improved significantly by 11% over the prior year due to an easing of pandemic conditions, reflected in both higher tuition fee revenue, and higher homestay fees (offset by a matching increase in homestay expenses). Nevertheless, this revenue source remains below normal levels and revenues are approximately $2m less than historical figures.

Other Revenue

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
1,669,099	1,870,951	1,763,931	94,832	(107,020)

Other Revenue is comprised primarily of our specialty academy and programs of choice fees, as well as elementary band fees, all of which enjoyed higher enrolment than the prior year with a return to full in-person learning and fewer health protocols. Academy revenue came in under budget due to the cancellation of some academies. Childcare fees have been received for the first time, as a result of the District's Seamless Day pilot program for before/after care, undertaken as the Ministry of Education takes on early childcare from the Ministry of Child and Family Development.

Rental & Lease Revenue

Prior Year	Budget	Current Year	Variance CY/PY	Variance CY/Budget
210,075	210,070	276,474	66,399	66,404

The district was very pleased to see our child care partners continue with full enrolment and operations in the current year, with steady lease revenue as a result. Rental revenue increased as the district returned to normal rental operations for outside organizations.

Investment Income

Prior Year	Budget	Current Year	Variance CY/PY	Variance CY/Budget
166,433	110,000	157,728	(8,705)	47,728

Investment income reflects the level of International student enrolment in the next fiscal year and corresponding changes in prepaid tuition fees, together with the District's use of cash on hand. An increase in cash withdrawals related to operating fund capital transfers, together with the cessation of federal and provincial covid funds, resulted in a smaller cash balance and decreased interest than the prior year, though earnings did come in higher than budgeted.

Expenses (Schedule 2B & 2C)

Salary & Benefits

Overall, salary expenses equate to 71% of our total operating expenses, and benefits comprise 17%.

Teachers

Prior Year	Budget	Current Year	Variance CY/PY	Variance CY/Budget
33,658,526	34,723,203	34,783,743	1,125,217	60,540

Teacher salary expenses were higher than prior year due to the provincially negotiated salary increase of 2% July 1st, 2021, together with an increase of 7.95 teacher FTE and grid movement amongst existing staff.

Principals/Vice-Principals

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
5,141,528	5,426,144	5,428,706	287,178	2,562

Administration salaries increased pursuant to further improvements in exempt staff salaries allowed by Public Sector Employers Council (PSEC) in order to address compression and retention issues.

Educational Assistants

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
5,194,225	5,867,739	5,786,319	592,094	(81,420)

Educational Assistant (EA) FTE varies from year to year, based upon the changing student demographic and identified needs within the classroom. However, the large increase in these costs relative to the prior year was primarily due the pandemic. In the prior year covid funding provided over $300k in funding to support supervision aide costs, and this cost has now been returned to the operating budget. The return to full in-person instruction also required additional EAs over the prior year. Costs came in under budget however as some EA’s were added later in the year.

Support Staff

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
5,086,089	5,346,111	5,427,766	341,677	81,655

Support staff salaries increased relative to the prior year and budget in part due to pandemic conditions. $250k in covid-related custodial hours, previously covered by covid funding, was taken into operating, though this cost was partially offset by a reduction of over 1,000 hours in custodial overtime. Additionally, International staffing was increased as our International enrolment began to pick up, and new positions were added to our IT department.

Other Professionals

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
2,559,388	2,659,066	2,632,982	73,594	(26,084)

While salaries for the Secretary-Treasurer and Associate Superintendents were frozen in 2021/22, the balance of excluded staff received salary lifts pursuant to further improvements allowed by the Public Sector Employers Council (PSEC). Additionally, one position filled partway through the prior year received a full twelve month's salary in 2021/22, and one position received a salary lift for the greater part of the year while covering the position of a staff member on leave.

Substitutes

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
1,518,096	2,168,678	1,999,875	481,779	(168,803)

Teachers teaching on call (TTOC) and support staff replacement expenses vary year to year due to numerous factors, and differences year over year and from budget are to be expected. However, the large increase over the prior year is due to the pandemic which resulted in higher than normal absences, particularly in the latter part of the year, with no special covid funding as in the prior year to support the additional cost. As well, unexpected legislation in the spring of 2021/22 provided for five funded sick days for casual staff, resulting in a new cost to the District that was not supported by additional funding. The difference between actual results and budget was the result of a very generous allowance being made for covid-related absences, to ensure we were prepared for the worst-case scenario.

Benefits

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
12,805,547	13,486,240	13,613,925	808,378	127,685

Benefits are budgeted using a conservative % estimate of total salaries based on historical data. As salaries and benefits together comprise close to 90% of total operating expenses, small changes can have a large impact. Changing staff demographics are a recurring factor, but the large increase in actual over the prior year and over budget is reflective of the easing of the pandemic restrictions as the year progressed, resulting in an increase in employee access to extended health benefits, together with the salary increases for all groups as well as increases in EI/CPP and WCB.

Services & Supplies

Overall, service and supply costs equated to 12% of the total operating expenses in 2021/22, an increase of 2% over the prior year. This was due to both increased costs in our International student program, as well as a shifting of some costs back into operating, that had been covered by the federal and provincial covid funds in the prior year.

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
7,418,267	9,870,700	9,440,725	2,022,458	(429,975)

Services

			Variance	
Prior Year	Budget	Current Year	CY/PY	CY/Budget
3,442,128	5,163,403	5,047,290	1,605,162	(116,113)

Services are comprised of school and district-based expenditures that vary depending upon student FTE and demographic, education, technology and curricular initiatives, special education initiatives, premier academy and programs of choice activities, international program activities and facilities expenditures related to maintenance and repairs.

A large proportion of the increase in year over year results is related to the pandemic. Firstly, operating costs related to the pandemic and covered by covid funding last year no longer had funding supported and moved into operating. Additionally, while the International department is still not operating at full capacity due to ongoing travel restrictions and lower than normal enrolment, the increased number of students in 2021/22 had a corresponding increase in a number of related costs, most notably homestay and agent fees. There was an increase of 99 students participating in the homestay program, resulting in a cost increase of $911k, and an increase of $260k in agent fees.

Other notable increases included $109k related to technology, $36k in student support service contracting, and $69k related to enhancement activities funded by the operating grant holdback. Banking costs increased by $20k at the district level as academies and programs of choice fees moved to on-line payment only, and staff wellness program costs increased by $16k as the District focused on the mental health of its employees. HVAC continues to be a significant cost for our facilities department as covid protocols have been maintained without the support of covid funding, increasing the servicing cost by $69k. Ongoing maintenance of fire and intruder alarm equipment costs increased by $33k. Facilities equipment servicing costs increased $42k overall as a result of rising fuel prices and maintenance of aging vehicles, as well repairs and replacement of school equipment.

Student Transportation

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
570,230	642,908	574,882	4,652	(68,026)

Transportation costs remained static year over year. The extra bus routes added in 2020/21 for covid safety protocols were no longer necessary, so the lack of covid funding for them did not have an impact on operating costs in the current year. The savings over budget is due to less than anticipated fuel cost adjustments and fewer buses required for academies.

Professional Development & Travel

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
435,281	753,565	647,509	212,228	(106,056)

Professional development expenses vary year to year, depending upon staffing changes and associated training costs, and curriculum and/or software implementation.

District travel costs are also associated with training and professional development activities, as well as travel related to WVS' international program. In all cases, related costs showed a gradual return to pre-covid levels as restrictions on all non-essential travel, overseas travel and International student fairs, as well as cessation of health protocols impacting pro-d activities, eased.

Rentals & Leases

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
61,894	99,253	95,573	33,679	(3,680)

The aging facilities fleet is gradually being replaced as necessary with leased vehicles, increasing this cost by $33,679 in 2021/22.

Supplies

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
1,266,232	1,531,620	1,345,308	79,076	(186,312)

The pandemic continued to have an impact on supplies expenses in 2021/22. Costs were higher year over year due to some costs previously charged to special covid funding now returning to the operating fund, coupled with higher costs overall for supplies. However, the overall cost came in under budget due to supply chain issues and continued conservative spending in all departments. Additionally, some expenses budgeted for holdback funds were not in fact incurred in 2021/22 due to a variety of pandemic-related factors, contributing to actuals being less than budget.

Utilities

			Variance	
Prior Year	**Budget**	**Current Year**	**CY/PY**	**CY/Budget**
1,268,981	1,253,988	1,361,890	92,909	107,902

Utilities costs increased over both the prior year and budget due to rate increases. Additionally, while adjustments made to ventilation in response to the pandemic conditions continued in the current year, there was minimal special covid funding to support the additional cost to run systems at maximum fresh air settings

Statement of Operations – Special Purpose Fund (Schedule 3A)

Special Purpose Fund: (Schedules 3, 3A)

Typically these are flow-through funds spent on targeted expenditures within the same fiscal year, and revenues are recognized to the extent expenses are incurred. Carry forward of unspent funds is typically allowed.

Ministry special purpose funds include the Classroom Enhancement Fund and Learning Improvement Fund which support staffing increases related to bargaining, as well as the operating portion of the Annual Facilities Grant, French immersion program support, special education funding for Community Link and First Nation Student Transportation funding. Increased emphasis on student and staff mental health in 2021/22, together with the shift of early learning to the Ministry of Education, resulted in ongoing grants for Mental Health and a variety of early learning initiatives, including our pilot Seamless Day before/after care program. 2020/21 funding totalling $3.1m under the Federal Safe Return to Class and Provincial Safe Return to School initiatives was discontinued. Balances to be carried forward in these funds are largely related to pandemic conditions and planned spending being delayed beyond the expected timeline.

While School Fundraising Trust and Scholarship revenue and expenses remained close to the prior year, School Generated Fund revenue increased by 92%, or $1.3m, due to the lifting of pandemic restrictions on field trips, international travel and extracurricular sports competition and travel.

Ministry Special Purpose Funds are targeted for specific programs and activities. Most funds are fully expended within the year received, but balances may be carried forward to offset targeted costs in future years.

Special Purpose Funds	Prior Year	Current Year	Difference	Balance	Comment
Ministry Funded					
Annual Facility Grant	267,383	261,743	(5,640)	-	Operating portion of ongoing grant
Learning Improvement Fund (LIF)	231,166	228,044	(3,122)	-	Provincially negotiated support staff funding
Strongstart	49,938	55,987	6,049	25,304	Ongoing covid-related reductions in activity and use of funds carried forward from previous year

Special Purpose Funds	Prior Year	Current Year	Difference	Balance	Comment
Ready Set Learn	17,556	6,738	(10,818)	53,413	Ongoing covid-related reductions in activity and use of funds carried forward from previous year
Official Languages Education Program (OLEP)	100,783	154,134	53,351	30,966	Ongoing covid-related reductions in activity and use of funds carried forward from previous year
Community Link	264,859	274,634	9,775	-	Minor increase in ongoing grant; pays for youth workers
Classroom Enhancement Fund - Overhead	183,530	183,530	0	-	Status quo funding for overhead costs associated with classroom size and composition
Classroom Enhancement Fund - Staffing	2,287,582,	2,479,761	192,179	-	Provides funding for staffing related to classroom size and composition; increase due to staffing changes, provincially mandated salary increases
Classroom Enhancement Fund - Remedies	1,118	0	(1,118)	-	No classes >30 in 2021/22
First Nation Student Transportation	13,505	12,152	(1,353)	13,192	Funding to assist indigenous students to get to school, extracurricular activities; use of funds dependent upon indigenous families' choices with respect to transportation
Mental Health in Schools	27,290	76,582	49,292	97,132	Ongoing covid-related reductions in activity and use of funds carried forward from previous year
Changing Results for Young Children	17,731	24,790	7,059	36,261	Ongoing covid-related reductions in activity and use of funds carried forward from previous year
Federal Safe Return to Class Fund	2,647,652	125,141	(2,522,511)	-	Federal funding to support costs and challenges associated with covid health protocols and teaching conditions; 21/22 funds were provided specifically to address ventilation
Provincial Safe Return to School Fund	502,456	158,491	(343,965)	-	Provincial funding to support costs and challenges associated with covid health protocols and teaching conditions; funds used in 21/22 were carried forward from previous year
Seamless Day Kindergarten	0	75,098	75,098	-	New early childcare funding to support staffing of pilot program

Special Purpose Funds	Prior Year	Current Year	Difference	Balance	Comment
Other					
Fundraising Trusts	230,344	407,411	177,067	431,445	Spending at school discretion; varies year to year; resumption of school trips and extracurricular activity increased school fund expenditures significantly; capital expenditures from fundraising also increased
Scholarships	139,144	110,599	(28,545)	489,020	
School Generated Funds	1,475,505	2,653,761	1,178,256	1,509,203	

Statement of Operations – Capital Fund

(Schedule 4 - 4D)

Funding for capital expenditures is sourced primarily through the Ministry of Education, in the form of the Annual Facilities Grant (AFG), together with awards based on WVS' Five-Year Capital Plan. Funds are received as Bylaw Capital and recognized as Deferred Capital Contributions (DCC revenue) when expended. In 2021/22 WVS recognized $1.4m in DCC related to the AFG, a School Enhancement Program (SEP) project, and a Playground Grant, all received under the Five-Year Capital Pan.

A further $449k was recorded as Work in Process (WIP) with respect to three SEP projects: installation of HVAC at Eagle Harbour and Caulfeild, a new building envelope at West Bay, a Carbon Neutral (CNCP) project for a new boiler at Ecole Cedardale and the commencement of the 2022/23 AFG project slate. The AFG expenditure in WIP relates to the West Vancouver Place For Sport project, shared with the District of West Vancouver and currently slated for full completion by the end of summer of 2023. Of the three SEP projects in WIP, two are slated for completion in 2022/23, while the third (West Bay building envelope) is anticipated to remain in WIP until supply chain issues ease and we can reapply for funding support.

The MOE approved reallocation of the original West Bay SEP funds, together with funds remaining after the completion of the Gleneagles CNCP project in 2021/22, to the 2022/23 SEP HVAC project at Eagle Harbour. Completion of this project, together with the HVAC installation at Caulfeild, will provide state-of-the-art HVAC at our two final sites that have been without central air circulation, a shortfall that was particularly significant during the pandemic and required alternate remedies over the course of the past two years.

Funding for capital expenditures from sources other than bylaw capital include $1.6m in operating funds, withdrawn from surplus in 2021/22 largely to fund the district-wide IT infrastructure upgrade to improve connectivity. This work was completed at over half of

WVS' sites, and equipment has already been purchased to upgrade all remaining sites. However, given current funding pressure and lack of Ministry funding support for IT expenditures, installation of the new equipment at the remaining sites must be delayed until the district has sufficient surplus to fund it.

School PACs funded outdoor classrooms, while school generated funds supported a new playground installation.

Schedule 4C - D – Deferred Capital Revenue (MOE Capital Grants)

	Prior Year	Current Year	Difference	Comment
Ministry Grants Received: AFG, SEP, PG, CNCP	1,561,401	1,850,563	289,162	Varies year to year depending upon funding awarded under capital plan, and timing of capital work.

Schedule 4B –Work in Progress

	Prior Year	Current Year	Difference	Comment
Work in Process	18,725	478,162	459,437	Prior year balance of Ridgeview SEP Phase 2 completed; 21/22 balances include Eagle Harbour & Caulfeild HVAC, West Bay building envelope, Cedardale boiler and West Vancouver Place for Sport projects.

Schedule 4A – Tangible Capital Assets

	Prior Year	Current Year	Difference	Comment
Net Capital Assets	63,959,345	63,164,987	(794,358)	Reduced by increased amortization and deemed disposals; increased by SEP, PG, AFG and operating & special purpose fund transfers.

Schedule 4 – Schedule of Capital Operations

	Prior Year	Current Year	Difference	Comment
Total Capital Surplus (Deficit)	24,661,636	25,401,885	(740,249)	Reduced by increased amortization and deemed disposals; increased by SEP, PG, AFG and operating & special purpose fund transfers.

Major Capital Projects

The following is a summary of major capital projects undertaken throughout the year, funded by grants pursuant to the 2021/22 5 Year Capital Plan submission:

School Enhancement Program (SEP) – $182,460

Ridgeview Elementary – new boiler and HVAC system (Phase 2) $29,195, Completed
West Bay Elementary – building envelope(Phase 1) $29,236, Completion date to be determined
Caulfeild Elementary – HVAC $73,859, Complete 2022/23
Eagle Harbour Montessori – HVAC $50,170 Complete, 2022/23

Carbon Neutral Capital Program (CNCP) – $321,416

The new boiler project at Gleneagles Elementary was completed in the summer of 2021 using funding received under the 2021/22 5 Year Capital Plan. A new boiler project at Ecole Cedardale is being undertaken in the summer of 2022, using funding received under the 2022/23 5 Year Capital Plan.

Playground grant – $165,000

Bowen Island Community School updated their playground with universally accessible equipment using the $165,000 grant they were awarded pursuant to the 2021/22 5 Year Capital Plan application.

AFG (repairs/upgrades/renovations) - $1,181,687

District wide:

Grounds remediation
Plumbing fixture upgrades & modernization
Gymnasium floor refinishing
Playground soft-fall replacement
Electrical panel upgrades
Projector maintenance
Safety equipment upgrades
Regulatory inspections

Highlights include:

Bowen Island Community School – fire safety & washroom upgrades; roof & flooring repairs
Chartwell Elementary – washroom & roof upgrades/repairs; playground drainage upgrades
Cypress Park Primary – exterior siding replacement
Gleneagles Elementary – gym floor finishing; DDC panel upgrade; flagpole replacement
Irwin Park Elementary – washroom renovation
Lions Bay Primary – exterior concrete stair repair/upgrade
West Bay Elementary – gym repainting; DDC panel upgrade
Westcot Elementary – washroom renovations;
Sentinel Secondary – resurface tennis courts; repaint exterior; repair gym ceiling
West Van Secondary – cafeteria & gym boiler replacements; resurface tennis courts, roof repair
West Vancouver Place for Sport – engineering & project mgmt. for commencement of project

Through careful planning and project management, our facilities department succeeded in completing projects in 2021/22 with only a minimal use of 2022/23 AFG funds, leaving an available balance of $1m for projects in the upcoming fiscal year.

West Vancouver Place For Sport

The combination of a generous private donation and a very significant increase in contributions from the District of West Vancouver has brought this track and field project at West Vancouver Secondary School very close to fruition. In 2021/22 the project plans were finalized and a project manager engaged. Tenders are expected to go out in August 2022. Barring an unprecedented increase in estimated cost, the project will commence in September 2022, with a scheduled completion date of spring break 2023 for the LED-lit artificial turf field. Weather factors will push the final surfacing of the rubberized track into the summer of 2023.

Surplus (Operations)
(Schedule 1)

Board Policy 20 “Accumulated Operating Surplus” was adopted by the Board of Education of West Vancouver in January 2022 as part of its approach to stable and sustainable organization health.

The Guiding Principles defined in the policy and informing surplus allocation decisions are:

• *Maintaining an unrestricted accumulated operating surplus balance that is in line with financial best practices and Ministry and/or Auditor General recommendations is important to maintain financial health and stability.*

• *Unrestricted accumulated operating surplus should not be used for on-going operating expenses, except as directed by Board motion.*

• *Restriction of accumulated operating surplus should support resources that are focused to the greatest extent possible on programs and services that improve student achievement, and are aligned with the district’s Framework for Enhancing Student Learning goals.*

The Board’s Finance Committee reviews our surplus position as part of their review of our audited financial statements and our budgets, and their recommendations to the Board determine the future use of surplus funds.

Changes in accumulated operating surplus for 2021/22 are as follows:

	2021/22
Operating Fund Reserves, July 01, 2021	**$ 5,706,543**
Structural Deficit for the year ended June 30, 2022	(1,576,167)
Tangible Capital Assets Purchased (IT infrastructure upgrade)	(1,592,003)
Reserves, June 30, 2022	**$ 2,538,373**

The closing balance at June 30, 2022, is available for future years, and anticipated use at this time is:

	2022/23
Reserves, July 01, 2022	**$ 2,538,373**
Internally Restricted:	
Balance Preliminary Budget 2022/23	(2,108,226)
Tangible Capital Assets Purchased (teacher device replacement)	(316,500)
Unrestricted Reserves, June 30, 2023	**$ 113,647**

Once actual enrolment and actual salary costs for 2022/23, as well as expected International registration for 2023/24, are known in October 2022, staff will undertake a district-wide review to identify areas of saving in order to balance the 2022/23 Amended Operating Budget and eliminate the draw on reserves. This will align with the Board's goal to maintain an unrestricted operating surplus balance in line with best practice (approximately 3% of total operating expenses or $2-3m), and avoid the use of surplus for ongoing operating expenses.

Significant Factors Bearing on Future Operations

Organizational Capacity & Sustainability

WVS's organizational focus is on structuring operations to promote student success and educational innovation. This translates into practice with a primary focus on maximizing support in the classroom, implementing the refreshed curriculum and reporting models, teacher professional development and collaboration, staff recruitment and retention, mental health support for both staff and students, and integration of technology to enhance learning.

With the advent of the Covid-19 pandemic, the challenge was to maintain this focus while delivering education under the shifting models required by our Provincial Health Authorities.

Using our enterprise risk assessment framework, the pandemic has and continues to impact our operations in the following areas:

Risk Factor #1 – International

Locally-generated revenue from our International program typically comprises 13% - 15% of our operating revenue (only 8% in 2020/21 and 11% in 2021/22). While very well-regarded and fully subscribed, our program capacity is limited by the availability of homestay placements, and is susceptible to changes in world economics, politics and events.

The impact of Covid-19 is particularly acute in this area, as our careful efforts to diversify the countries from which we draw students was ineffective in the face of a worldwide pandemic. While enrolment has begun to recover from the 45% drop seen in 2020/21, it has not yet rebounded to pre-pandemic levels and this continues to impact our available funds. The pandemic also had an adverse effect on our homestay availability, as age restrictions imposed by the provincial health authority reduced our number of eligible homestay placements, and concern and challenges associated with quarantine requirements and perceived health risks further discouraged residents from hosting students. Again, we are seeing a modest recovery in this area, but we anticipate that it will take several years for a full recovery, and availability limits the number of students we can enroll.

Risk Factor #2, #3 – Human Resources

Provincially, the teacher demand has exceeded supply in many specialty areas and for on-call teachers in recent years. While our district enjoys an excellent reputation and we were successful in fully staffing all enrolling and non-enrolling positions in 2021/22, capacity, recruitment, retention, training and experience remain an ongoing area of focus.

Absences due to illness were considerably higher in 2021/22 than in the previous two pandemic years, particularly from January through to June, putting considerable strain on our staff resources.

The legislation introduced in the spring of 2022 providing five paid sick days to all casual employees further impacted our available staffing.

Risk Factor #4 – Financial

86% of our operating revenue is provided through Ministry funding. Accordingly, we have exposure to shifts in the Ministry's mandate, government policy, and in particular funded enrolment levels. While our local enrolment maintains a slight decline, our schools continue to operate at capacity as a result of out-of-district enrolment. We continue to develop programs and innovative practices to maintain our reputation as a destination district.

Risk Factor #5 – Technology

Technology continues to be a critical component of modern educational practice and profoundly enhances our inquiry-based learning. The pandemic conditions, demanding a mix of in-person and remote learning, only magnified the importance of technology and presented a significant challenge the past two years.

Technology is now integral to every facet of our work in West Vancouver Schools. However, the cost to provide the equipment to do so is significant, and to date there is no Ministry-provided funding in this area. Accordingly, we have had to allocate a portion of our operating reserves over the past several years to fund our IT infrastructure upgrade and other necessary equipment. Costs in the very near future will include not only the completion of Phase II of the infrastructure upgrade, but also teacher device replacements, server replacements, a replacement of projectors in every classroom, as well as PA system replacements.

Without adequate funds on hand to fully finance these costs beyond 2021/22, IT-related capital expenditures have been halted for 2022/23 until a new solution is found, with the exception of refreshing aging teacher devices.

Further Information

This financial report is designed to provide West Vancouver Schools' stakeholders with a general, but more detailed, overview of the district's financial results for 2021/22, and to demonstrate increased accountability for the public funds received by the district.

Questions on the material contained in this report should be directed to office of the Secretary-Treasurer/Chief Financial Officer at 604-981-1000.

You are also encouraged to review the Board's strategic vision at
http://westvancouverschools.ca/about-wvs/vision-values