



**WEST  
VANCOUVER  
SCHOOLS**

*A world of opportunity*

# **Financial Statement Discussion and Analysis**

## **For the Year Ended June 30, 2023**

**September 12, 2023**

## Introduction

The following is a discussion and analysis of West Vancouver Schools' (WVS) financial performance for the fiscal year ending June 30, 2023, summarizing currently known facts, decisions, and conditions. This report should be read in conjunction with WVS' Financial Statements for the same period.

## 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 2022/23 WVS focused on continuing to provide innovative and comprehensive education that aligned with both our Framework for Enhanced Student Learning (FESL) goals and a variety of Ministry of Education and Childcare (MOECC) initiatives. WVS remained dedicated to providing superior public education to ensure the success of all our students, including those of indigenous background, new immigrants and refugees, and those with diverse learning or social needs. We implemented the refreshed MOECC curriculum and assessment tools, continued the adoption of technology in the classroom, the development of physical literacy, Applied Design, Skills and Technologies (ADST) curriculum, and expanded programs of choice and academy offerings. A particular focus was made on the mental/emotional well-being of both students and staff. New initiatives in early childcare were undertaken in response to the expanded role of our sector into early childhood education.

### **Goal 1 – Maintaining student success**

- Emphasis was placed on WVS's Framework for Enhanced Student Learning (FESL) goals, which include:
  - o Fostering an increased sense of belonging for all students (human & social development)
  - o Improving numeracy achievement, with a focus on Indigenous students (intellectual development)
  - o Increasing Grade 10 student preparation for the post-secondary transition (career development)
  
- Student support services
  - o Continuing focus on supporting the learning of all students
  - o Maintaining non-enrolling teacher ratios to meet the needs of vulnerable learners
  - o Thoughtful placement of educational assistants in response to areas of challenge identified by school-based teams and stakeholder consultation

- Early Childhood Education
  - o Adding a second Seamless Day before/after care site
  - o Creation of a new District Vice-Principal of Early Learning and Child Care position
  - o Planning for a district-run early childcare hub under the parameters of an Integration Inquiry Project
- Affordability and Food Security
  - o Thoughtful distribution of affordability funding to support family needs
  - o Planning for a new student food support program under the parameters of the Feeding Futures Fund
- Equity, Inclusivity and Diversity:
  - o Continued integration of First Nations learning principles
  - o Ongoing joint transportation plan with the Squamish Nation for on-reserve students;
  - o Continued progress towards a Protocol Agreement with the Squamish Nation
  - o 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
- Continued capital investment in district-wide IT infrastructure upgrades
- Increased focus on cyber security and privacy

## 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
- Continued participation in both Provincial and World robotics competitions

## Goal 4 – Physical literacy

- Ongoing support and professional development provided by our two teacher mentors to promote Gr K - 3 students meeting the five basic competencies.
- Implementation of full scope and sequence resources for K-7 teachers
- Continuation of longitudinal research and partnership with Vancouver Coast Health, Sport For Life, and the Childhood Obesity Foundation.

## 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 to support the mental and emotional health of both staff and students
- 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
- Completion of HVAC system installation in final two district sites, ensuring maximum fresh air circulation throughout the district
- Ongoing focus on recruitment and retention in all areas to attract the best talent and ensure effective and stable staffing in all areas

## Enrolment and Staffing

The primary source of funding for WVS is our Ministry Operating Grant, which is based on our local 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.

### Enrolment

	Prior Year	Current Year	CY/PY
<b>Student FTE</b>	6950.7500	7021.8750	71.1250
<b>Summer FTE</b>	172.8750	179.4375	6.5625
<b>Total</b>	<u>7123.6250</u>	<u>7201.3125</u>	<u>77.6875</u>

### Staffing

	Prior Year	Current Year	Variance CY/PY
<b>Teachers</b>	429	421	(8)
<b>Educational Assistants</b>	143	146	3
<b>Support Staff</b>	113	104	(9)
<b>Principals &amp; Vice-Principals</b>	41	42	1
<b>Other Professionals</b>	31	29	(2)
<b>Total</b>	<u>757</u>	<u>742</u>	<u>(15)</u>

## 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 83% Ministry funding (of which 2% is associated with the recognition of deferred capital revenue), 9% International student gross revenue, 7% Programs of Choice & Academies gross revenue, and 1% miscellaneous (interest & rentals).

In the prior year Ministry funding comprised 84% (of which 3% is associated with the recognition of deferred capital revenue), International was 10%, and Programs of Choice and Academies was 5%.

The change year over year is due to the ending of pandemic conditions, including the cessation of all provincial and federal covid funding. This decrease was offset by a modest increase in Programs of Choice and Academies, and inflation caused an increase in interest revenue. International revenue declined over the past year as significant changes in immigration policies at the federal and provincial level allowed international families to qualify as local residents.

WVS is committed to maximizing spending in the classroom. In 2022/23, 83% of WVS consolidated expenses were associated with instruction, 4% with administration, 12% with operations and maintenance, and the remaining 1% with transportation.

	Prior Year	Budget	Current Year	Variance	
				CY/PY	CY/Budget
Revenue	86,741,438	88,936,825	93,205,432	6,463,994	4,268,607
Expenses	89,172,121	90,443,152	94,015,626	4,843,505	3,572,474
<b>Annual Surplus (Deficit)</b>	<b>(2,430,683)</b>	<b>(1,506,327)</b>	<b>(810,194)</b>	<b>1,620,489</b>	<b>696,133</b>
Accum. Surplus – Op'g	2,538,373	1,195,080	2,177,596	(360,777)	982,516
Accum. Surplus - Capital	22,763,983	25,238,851	22,314,566	(449,417)	(2,924,285)
<b>Total Accum. Surplus</b>	<b>25,302,356</b>	<b>26,433,931</b>	<b>24,492,162</b>	<b>(810,194)</b>	<b>(1,941,769)</b>

Increases in consolidated revenue over prior year and budget are the result of ongoing funding for negotiated labour settlements and an expansion of early childcare, food

security and mental health special purpose funds. These increases were offset in part by a reduction in international student enrolment and fees.

Increases in consolidated expenses are the result of significant salary and benefit increases related to provincially negotiated salary increases. Additionally, substitute teacher (TTOC) costs remained at prior year levels despite the movement out of pandemic conditions, and new positions have been added related to the expansion of the K-12 portfolio to include early childcare. Costs related to the Affordability grant funding also increased expenses.

Decreases in surplus related to the capital fund are the result of prior period adjustments to reflect the adoption of asset retirement obligations under new public sector accounting board (PSAB) rules.

Summaries of each fund are provided below:

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

### Operating Revenues:

**Provincial Grants:** Enrolment-driven operating grant per/student funding remained status quo, however the operating grant increased by \$1.7m due to a modest increase in regular enrolment together with significant increases in unique students and ELL students. Additionally, the first year of provincially bargained salary lifts increased operating grants by a further \$2.8m.

**International:** International revenues decreased by approximately 3% over the prior year, due to decreased enrolment from 390 to 375 FTE, which was primarily a result of federal changes in immigration policies.

**Other, Rentals, Investment:** We continued to offer a full slate of academy offerings and programs of choice in 2022/23, and modest increases in enrolment, together with the inclusion of robotics tournament fees in revenue rather than netted against costs as in prior years, resulted in increased other revenue of \$700k. Investment income increased significantly, by \$400k, as increased interest rates and additional early learning funding offset our declining prepaid tuition fees.

### Operating Expenses:

Salaries and benefits accounted for 88% of total operating expenses in 2022/23. Overall, total salaries increased by \$2.3m due to negotiated salary increases, and benefits costs rose by \$900k due to the salary increases as well as some benefit plan improvements.

Supplies and Services costs comprise 12% of total costs, and declined year over year by 6%, as district efforts to reduce costs successfully challenged rising inflation.

Service & Supply costs associated with our international student program declined by close to \$300k in response to declining enrolment, although the gross savings was partially mitigated by increased recruiting costs as international travel and education fairs began to return to normal after the pandemic.

Transportation costs increased by 19%, in part from increased costs associated with negotiating a new contract, and in part from increased fuel surcharges associated with inflation in 22/23. Pro-D and travel costs increased by 32% as out-of-district activity related to conferences and other pro-d opportunities returned to normal levels. Modifications to our HVAC operations, undertaken during covid and now considered industry standard, maintained a higher than historical cost level, and this was further increased by rising costs with all utilities providers, resulting in a 15% increase year over year.

While the above increases were partially offset by district cost savings efforts that provided a 1% decrease in services, inflation caused a 3% increase in supplies costs.

### **Operating Fund Reserves:**

WVS opened the 2022/23 fiscal year with an operating fund reserve balance of \$2.5m, which was the ongoing result of structural surpluses in both 2019/20 and 2020/21 arising from pandemic-related funding and reduced operating costs. The unusually large surplus balance was significantly reduced in 2021/22 by covid-related expenditures and a very significant IT infrastructure investment, and to a lesser extent in 2022/23 by continued technology expenditures.

Concerted efforts to reduce costs in 2022/23 resulted in a modest surplus of \$128k, which when combined with a capital investment in technology of \$490k created a \$361k draw on surplus. This was a significant improvement over the budgeted draw of \$1.3m. We have closed 2022/23 with remaining surplus funds of \$2.2m. This amount is internally restricted, with \$1.1m required to balance the 2023/24 preliminary budget, and \$500k required for capital investments in technology, for a total \$1.6m draw on reserves.

The 2023/24 Preliminary Budget reflected extensive work undertaken in 2022/23 to identify areas of savings. This work will continue as WVS endeavours to balance its budget and preserve a contingency. Actual enrolment in 2023/24, together with ongoing cost savings efforts, will be reflected in the 2023/24 Amended Budget, which will be tabled in February 2024.

## 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, 2022 and 2023, with a review of significant year over year changes discussed below.

	Prior Year	Current Year	Difference
<b>Financial Assets</b>			
Cash & Cash Equivalents	19,759,164	<b>20,963,298</b>	1,204,134
Accounts Receivable			
Due from Ministry	419,603	<b>527,293</b>	107,690
Due from Province - Other	4,708	<b>1,353</b>	(3,355)
Other	911,955	<b>840,771</b>	(71,184)
<b>Total Financial Assets</b>	<b>21,095,430</b>	<b>22,332,715</b>	<b>1,237,285</b>
<b>Liabilities</b>			
Accounts Payable & Accrued Liabilities	8,295,911	<b>8,348,657</b>	52,746
Unearned Revenue	6,809,427	<b>6,505,490</b>	(303,937)
Deferred Revenue	2,685,936	<b>3,933,674</b>	1,247,738
Deferred Capital Revenue	37,214,173	<b>39,533,085</b>	2,318,912
Employee Future Benefits	1,925,778	<b>2,188,327</b>	262,549
Asset Retirement Obligation	2,639,284	<b>2,639,284</b>	0
<b>Total Liabilities</b>	<b>59,570,509</b>	<b>63,148,517</b>	<b>3,578,008</b>
<b>Net Debt</b>	<b>(38,475,079)</b>	<b>(40,815,802)</b>	<b>(2,340,723)</b>
<b>Non-Financial Assets</b>			
Tangible Capital Assets	63,166,369	<b>65,035,864</b>	1,869,495
Prepaid Expenses	611,066	<b>272,100</b>	(338,966)
<b>Total Non-Financial Assets</b>	<b>63,777,435</b>	<b>65,307,964</b>	<b>1,530,529</b>
<b>Accumulated Surplus (Deficit)</b>	<b>25,302,356</b>	<b>24,492,162</b>	<b>(810,194)</b>

**Cash & Cash Equivalents** increased due to timing differences year over year, as well as increased special purpose funding related to early childcare and family affordability, which is being carried forward in part to 2023/24.

**Accounts Receivable** from Ministry relates to deferred capital project funding which had been spent, but not yet drawn down from the Ministry, as of June 30, 2023.



**Accounts Payable** changes are due to timing differences year over year with respect to when employee benefits payments and vendor cheque runs occur. Unearned revenue decreases reflect the decrease in International enrolment and associated prepaid tuition fees, while deferred revenue increases reflect new special purpose funding in the areas of mental health, affordability and early childcare. The increase in employee future benefits is the result of actuarial estimates from the Ministry, which are recalculated periodically and consider changes in staff demographics, long term health projections, interest rates and economic factors. Deferred capital revenue increased as a result of an increased number of capital projects using the school enhancement and carbon neutral funds. New for 2022/23 is the recognition of an asset retirement obligation of \$2.6m, in compliance with PSAB standards.

**Tangible Capital Assets** were impacted by the recognition of the asset retirement obligation, which created a \$2.6m increase in both asset cost and accumulated amortization. The net increase of \$1.9m in tangible capital assets was due the completion of several deferred capital revenue projects.

**Prepaid Expenses** decreased we took a partial premium holiday with respect to extended health benefits in 2022/23.

## Statement of Operations – Operating Fund

### Revenue (Schedule 2A)

#### Grant Revenue

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
66,921,794	68,633,899	71,462,039	4,540,245	2,828,140

Grant revenues were higher than the prior year due to Ministry support of bargained salary lifts, as well as increases in regular and special education enrolment that increased the per/student operating grants.

#### Tuition Revenue – Summer School

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
43,900	0	60,100	16,200	60,100

Summer school revenue represents fees paid by International students for summer school. Due to uncertainties around the pandemic situation in the summer of 2022 a conservative approach was taken and this revenue was not budgeted for, but attendance was in fact strong and we saw an increase over the prior year.

### Tuition Revenue - International

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
8,324,817	7,760,185	8,027,062	(297,955)	266,877

International student enrolment decreased by 4% over the prior year due to changes in federal immigration policies which made it easier for visitors to gain work or study permits and have their children enrolled as local, rather than international, students. This revenue source remains more than \$2m below pre-covid levels and is not expected to improve in the near future.

### Other Revenue

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
1,763,931	2,084,407	2,459,968	696,037	375,561

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. Additionally, a reclassification of robotics tournament fees previously netted against costs increased overall revenue. Childcare fees increased as the district opened a second Seamless Day before/after care program, as our childcare role expands under the Ministry of Education and Early Childcare's new mandate. Miscellaneous revenue increased as a result of rebates related to capital projects and purchasing cards, as well as a grant related to our physical literacy program. Operating fees transfers from other districts related to participation in a specialty trades program were also included in miscellaneous revenue this year, rather than being netted against expenses.

## Rental & Lease Revenue

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
276,474	270,000	286,180	9,706	16,180

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.

## Investment Income

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
157,728	225,000	563,184	405,456	338,184

Investment income is a product of both interest rates and cash balances. Inflation had a significant effect in 2022/23 and the district enjoyed higher interest returns on its balances. Additionally, cash balances were higher due to increased special purpose funding in the areas of early childhood education and affordability, where spending is delayed while new programs are developed.

## Expenses (Schedule 2B & 2C)

### Salary & Benefits

Overall, salary expenses equate to 70% of our total operating expenses, and benefits comprise 18%.

### Teachers

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
34,783,743	34,418,939	35,967,367	1,183,624	1,548,428

Teacher salary expenses were higher than prior year due provincially negotiated salary increases together with demographic changes and grid movement amongst existing staff.

## Principals/Vice-Principals

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
5,428,706	5,332,266	5,594,827	166,121	262,561

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

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
5,786,319	6,161,050	6,215,599	429,280	54,549

Educational Assistant (EA) FTE varies from year to year, based upon the changing student demographic and identified needs within the classroom. Increases in this cost in 2022/23 are due largely to bargained salary lifts, but there was also an increase of 3.0 FTE year over year.

## Support Staff

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
5,427,766	5,141,184	5,703,726	275,960	562,542

Support staff salaries increased relative to the prior year and budget due to bargained salary lifts.

## Other Professionals

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
2,632,982	2,696,689	2,706,326	73,344	9,637

Excluded staff, which includes both school administrators and district staff and senior executives, received salary lifts pursuant to further improvements allowed by the Public Sector Employers Council (PSEC).

## Substitutes

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
1,999,875	2,360,730	2,150,520	150,645	(210,210)

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 increase over the prior year is due primarily to bargained salary lifts, and actual use of replacement staff was less than expected, with associated costs coming in less than budget.

## Benefits

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
13,613,925	13,747,161	14,496,766	882,841	749,605

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 increased employee access to extended health benefits, and an expansion of extended health benefits offered, 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 2022/23.

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
9,440,725	9,940,894	9,969,015	528,290	28,121

## Services

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
5,047,290	5,236,126	4,996,281	(51,009)	(239,845)

Services costs remained just under status quo year over year despite inflation, and with concerted effort on the part of the management team some savings were identified, bringing overall costs in under budget

## Student Transportation

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
574,882	642,625	681,395	106,513	38,770

The district entered into a new long term contract with our service provider that involved rate increases that reflect inflation. Additionally, fuel surcharges increased over and above the contracted amount, in response to market costs.

## Professional Development & Travel

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
647,509	797,481	856,948	209,439	59,467

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 have returned to pre-covid levels.

## Supplies

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
1,345,308	1,320,915	1,382,844	37,536	61,929

Inflation had a significant impact on supplies expenses in 2022/23 and mitigated the districts efforts to reduce costs. However, the cost increases were held in check by conservative and thoughtful spending decisions.

## Utilities

Prior Year	Budget	Current Year	Variance	
			CY/PY	CY/Budget
1,361,890	1,422,263	1,562,524	200,634	140,261

Utilities costs increased over both the prior year and budget due to rate increases. Additionally, adjustments made to ventilation in response to the pandemic conditions are now industry practice, so the district has additional costs related to higher grade filters and running systems at maximum fresh air settings

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

### Special Purpose Funds: (Schedules 3, 3A)

Special purpose funds are flow-through funds spent on ministry-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 the cost of staffing increases related to bargaining, as well as the operating portion of the Annual Facilities Grant, French immersion program support, special education funding for youth workers under the Community Link fund and First Nation Student Transportation funding. Increased emphasis on student and staff mental health, family affordability, together with the shift of early learning to the Ministry of Education and Early Childcare, have resulted in ongoing grants for Mental Health, significant support for families and food security, and an expansion of early learning initiatives, including our pilot Seamless Day before/after care program.

While School Fundraising Trust and Scholarship revenue and expenses remained close to the prior year, School Generated Fund revenue increased by 26%, or \$700k, 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
<b>Ministry Funded</b>					
Annual Facility Grant	261,743	267,433	5,690	-	Operating portion of ongoing grant
Learning Improvement Fund (LIF)	228,044	232,244	4,200	-	Provincially negotiated support staff funding
Strongstart	55,987	66,477	10,490	22,827	Post-pandemic activity is reducing the carry-forward balance
Ready Set Learn	6,738	64,090	57,352	23,623	Post-pandemic activity is reducing the carry-forward balance
Official Languages Education Program (OLEP)	154,134	137,107	(17,027)	23,782	Federal support of French Immersion; spending varies year to year
Community Link	274,634	288,448	13,814	-	Minor increase in ongoing grant; pays for youth workers
Classroom Enhancement Fund - Overhead	183,530	190,394	6,864	-	Status quo funding for overhead costs associated with classroom size and composition
Classroom Enhancement Fund - Staffing	2,479,761,	2,605,364	125,603	-	Provides funding for staffing related to classroom size and composition; increase due to provincially mandated salary increases
Classroom Enhancement Fund - Remedies	0	0	0	-	No classes >30 in 2022/23
First Nation Student Transportation	12,152	12,038	(114)	6.479	Funding to assist on-reserve indigenous students to get to school, extracurricular activities; use of funds dependent upon indigenous families' choices with respect to transportation
Mental Health in Schools	76,582	149,132	72,550	0	Post-pandemic activity has utilized grant carry-forwards from prior years



Special Purpose Funds	Prior Year	Current Year	Difference	Balance	Comment
Changing Results for Young Children	24,790	16,958	(7,832)	25,303	Status quo funding and activity
Federal Safe Return to Class Fund	125,141	0	(125,141)	-	Federal funding to support costs and challenges associated with covid health protocols and teaching conditions; One-time support to address ventilation was provided in 21/22
Provincial Safe Return to School Fund	158,491	0	(158,491)	-	Provincial funding to support costs and challenges associated with covid health protocols and teaching conditions; funds were discontinued after 21/22
Seamless Day Kindergarten	75,098	110,800	35 702	-	Pilot program expanded in 2022/23 with an additional site
Student & Family Affordability	0	183,217	183,217	473,664	New funding provided in 2022/23, to mitigate costs associated with school activities and food security. Funds carried forward will be spent in 2023/24
Just B4	0	671	671	24,329	Early learning support; will be spent in 2023/24
SEY2KT	0	0	0	19,000	Early learning support; will be spent in 2023/24
Early Care & Learning	0	155,995	155,995	19,005	Early learning support
Integration Inquiry Project	0	0	0	880,000	New funding received to explore the integration of early childcare within the K-12 sector. Spending will begin in 2023/24 as a program is developed.
<b>Other</b>					
Fundraising Trusts	407,411	333,878	(73,533)	419,270	Spending at school discretion; varies year to year; resumption of school trips and extracurricular activity post-covid increased school fund expenditures significantly.
Scholarships	110,599	128,153	17,554	511,909	
School Generated Funds	2,653,761	3,342,220	688,459	1,484,483	

## Statement of Operations – Capital Fund

### (Schedule 4 - 4D)

Funding for capital expenditures is sourced primarily through the Ministry of Education and Childcare, 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 2022/23 WVS recognized \$4.3m in DCC related to the AFG, two School Enhancement Program (SEP) HVAC projects, and a Carbon Neutral Capital project (CNCP), all received under the Five-Year Capital Pan.

Work in Process (WIP) was reduced by as the SEP and CNCP projects for 2022/23 were completed, and increased as work began on 2023/24 capital projects under the same programs. Completed projects included installation of HVAC systems in our final two sites that required them, as well as a new boiler at a third site.

Funding for capital expenditures from sources other than bylaw capital include \$490k for technology and custodial equipment from operating funds, withdrawn from surplus in 2022/23.

School PACs funded outdoor classrooms, and playground upgrades were funded by both PACs and school generated funds.

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

	Prior Year	Current Year	Difference	Comment
<b>Ministry Grants Received: AFG, SEP, CNCP</b>	1,850,653	4,306,659	2,456,006	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
<b>Work in Process</b>	478,162	469,159	(9,003)	Prior year balance included SEP-funded Eagle Harbour & Caulfeild HVAC, West Bay building envelope, CNCP-funded Cedardale boiler and West Vancouver Place for Sport (WVPFS) project. At June 30, 2023, The WVPFS and West Bay projects remain in process, and a new SEP project at WV Secondary, together with a CNCP project at Chartwell, a hydro upgrade at Inglewood, and an outdoor classroom at Rockridge, have been added to WIP.

### Schedule 4A – Tangible Capital Assets

	Prior Year	Current Year	Difference	Comment
<b>Net Capital Assets</b>	63,164,987	65,035,864	1,870,877	Reduced by increased amortization and deemed disposals; increased by SEP, CNCP, AFG and operating & special purpose fund transfers.

### Schedule 4 – Schedule of Capital Operations

	Prior Year	Current Year	Difference	Comment
<b>Total Capital Surplus (Deficit)</b>	22,763,983	22,314,566	(449,417)	Reduced by amortization and deemed disposals; increased by deferred capital revenue recognition related to SEP and CNCP expenditures, and operating & special purpose fund transfers, and transfers from WIP.

## Major Capital Projects

The following is a summary of major capital projects undertaken throughout the year, funded by grants pursuant to the 2022/23 5 Year Capital Plan submission:

### School Enhancement Program (SEP) – \$2,381,992

Caulfeild Elementary – new HVAC system, \$1.2m, completed  
Eagle Harbour Montessori – new HVAC system, \$1.1m, completed  
WVSS – electrical upgrade, \$56k, WIP, to be completed in 2023/24

### Carbon Neutral Capital Program (CNCP) – \$522k

Ecole Cedardale – new boiler, \$461k, completed  
Chartwell Elementary – new boiler, \$62k, WIP, to be completed 2023/24

### AFG (repairs/upgrades/renovations) - \$1,402,371

#### **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:**

Sentinel Secondary – washroom renovation, ceiling tile replacement, painting  
WVSS – washroom and roofing repairs; gym floor refinishing  
Bowen Island Community school – storm drain upgrades, paving  
Chartwell Elementary – washroom renovation; IT infrastructure upgrade  
Hollyburn Elementary – painting  
Irwin Park Elementary – washroom renovation; gym floor refinishing  
Ridgeview Elementary – exterior wall replacement; flooring upgrades  
West Bay Elementary – drainage upgrade; retaining wall replacement  
District – parking lot repaving; IT infrastructure upgrade sites

Projects were completed using \$1m in 2022/23 AFG funds, together with \$371k in 2023/24 AFG funds, leaving an available balance of \$1m for projects in the upcoming fiscal year.

## West Vancouver Place for Sport

The project scope for the track was reviewed and revised in 2022/23, and now includes a 6-lane track with sandwich system surface, an artificial turf infield for soccer, football and rugby with sports field lighting, as well as long jump, high jump, triple jump, pole vault and shotput (with training areas for discus, hammer and javelin), and renovated, publicly accessible washrooms within the WVSS school building.

West Vancouver Municipal Council has approved tendering for this scope, and a final decision with respect to moving forward is expected in early fall 2023, provided the final bids fall within the available funding.

## Surplus (Operations) (Schedule 1)

The Board of Education of West Vancouver's Board Policy 20 "Accumulated Operating Surplus" defines its approach to maintaining a stable and financially sustainable organization..

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 2022/23 are as follows:

	2022/23
<b>Operating Fund Reserves, July 01, 2022</b>	<b>\$ 2,538,373</b>
Structural Surplus for the year ended June 30, 2023	128,920
Tangible Capital Assets Purchased (technology)	(489,697)
<b>Reserves, June 30, 2023</b>	<b>\$ 2,177,596</b>

The closing balance at June 30, 2023, is available for future years, and anticipated use at this time is:

	2023/24
<b>Reserves, June 30, 2023</b>	<b>\$ 2,177,596</b>
<b>Internally Restricted:</b>	
Balance Preliminary Budget 2023/24	\$1,121,668
Transfers to Tangible Capital Assets (technology)	490,792
<b>Unrestricted Reserves:</b>	
Available for future years	\$ 565,136

The Preliminary Budget for 2023/24 will be amended once actual local and international enrolment, together with actual salary and benefit costs, are known for 2023/24. Additional savings will need to be found to preserve some contingency funds beyond the 2023/24 fiscal year. Investments in tangible capital assets will be decided later in the year, once the amended budget has taken shape and a more accurate assessment of sustainability can be made. The Board's goal is 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 instructional practice that focuses primarily on maximizing support in the classroom, and implementing new curriculum and reporting models as they are mandated by the Ministry. Teacher professional development and collaboration, staff recruitment and retention, mental health support

for both staff and students, and integration of technology to enhance learning for the basis of this approach.

Using our enterprise risk assessment framework, risks to sustainability can be summarized as follows:

### Risk Factor #1 – International enrolment

The contribution from locally-generated revenue derived from our International program has been reduced post-pandemic, to just 10% of total operating revenue (as opposed to 13% - 15% pre-covid). 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. Aggressive changes in immigration policies in 2022/23 precipitated very high levels of international students converting to Ministry funded students, and this trend is anticipated to continue. From a high of 515 FTE pre-covid, we now expect to average 375 international students annually.

Fewer students has reduced our reliance on this revenue source and our risk exposure to changes in the worldwide political landscape, but it has made it increasingly difficult to balance our budget. Ministry funding levels are not keeping pace with inflation, nor with the investments in learning, particularly in the area of technology, required to prepare our students for the future.

### Risk Factor #2, #3 – Human Resources

Provincially, the teacher demand has exceeded supply in many specialty areas and for on-call teachers. While our district enjoys an excellent reputation and we were successful in fully staffing all enrolling and mot non-enrolling positions in 2022/23, capacity, recruitment, retention, training and experience remain an ongoing area of focus. The soaring cost of housing in Metro Vancouver, together with increasing commuting congestion, make it more and more difficult to find that can afford to either live in our community or effectively commute to it.

## Risk Factor #4 – Financial

In addition to declining international revenues, 3% of our operating revenue comes from specialty academies and programs of choice, that operate on a break-even basis. 86% of our operating revenue is provided through Provincial funding, and accordingly we have high exposure to shifts in the Ministry's mandates and government policy.

Continued Ministry focus on remote districts funding, together with increasing levels of targeted funds, leave WVS in a position of declining general operating funding relative to rising costs. Additionally, while operating at or near capacity, our local enrolment is static and expected to continue so, meaning we are not able to combat inflation by leveraging growing operating grants the way districts with high enrolment growth can.

Our challenge is to continue to develop programs and innovative practices to maintain our reputation as a destination district in order to maintain enrolment levels through out-of-district registrations, while at the same time seeking ways to further contract our spending to fit within the available funding.

## Risk Factor #5 – Technology

Technology continues to be a critical component of modern educational practice. It is critical to our effort to prepare our students for an unknown future, and profoundly enhances our inquiry-based learning approach. The Covid 19 pandemic, which demanded a mix of in-person and remote learning, together with the growth of artificial intelligence, have only magnified the importance of technology, and present a significant challenge.

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 2022/23 included not only the continuance of Phase II of the infrastructure upgrade, but also teacher device and server replacements. Looking ahead, we face cost pressures of between \$600k and \$1m annually to maintain our current operations.

Technology investments in 2023/24 will proceed with caution, as finances allow.



## Risk Factor #6 – Privacy & Cyber Security

Technological advances continue to create growing threats to privacy and security. The Provincial government took steps to address this in 2022/23 with the addition of section 36.2 – *Privacy Management Programs*, and section 36.3 – *Mandatory Privacy Breach Notifications*, to the *Freedom of Information and Protection of Privacy Act*.

The district's technology department is undertaking actions to conform to the new requirements and address ongoing threats to cyber-security by improving firewalls, replacing equipment, and utilizing new software that more successfully identifies fraudulent attacks and better protects our data. All staff are participating in ongoing training to better recognize harmful viruses and messaging. Additionally, we have implemented a new Privacy Impact Policy, and all software must receive a privacy impact assessment prior to being integrated into our systems.

This risk factor is constantly evolving, growing, and significant, and will require ongoing strategies and resources to successfully protect our district.

## 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 2022/23, 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://westvancouver schools.ca/about-wvs/vision-values>