



Financial Statement Discussion and Analysis

For the Year Ended June 30, 2023

Introduction

The following is a discussion and analysis of the School District's financial performance for the fiscal year ending June 30, 2023. This report is a summary of the School District's financial activities based on currently known facts, decisions or conditions. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This report should be read in conjunction with the School District's Financial Statements for this same period.

SD35 Langley – Strategic Plan

Purpose – Mission

To inspire all learners to reach their full potential and create a positive legacy for the future.

Vision

An innovative, inspiring and unified learning community.

Core Principles

In serving first our students and each other in the partnership of students, teachers, support staff, administrators, trustees and parents, we are committed to the following principles.

- Recognizing, developing and supporting the unique worth of each individual.
- Enabling each individual to make his or her best possible contribution.
- Understanding that all have the capacity to learn when given the opportunity.
- Providing a safe, healthy and caring learning and working environment in which all feel confident and have a sense of belonging.
- Building interdependent relationships fostering integrity, recognizing diversity, demonstrating respect and nurturing trust.
- Communicating honestly and openly.
- Delivering opportunities for informed choices.
- Valuing learning as a lifelong process for all.
- Acknowledging personal accountability for our roles and responsibilities.

Our financial discussion and outcome is framed by this vision with key outcomes achieved during the year overviewed below.

Enrolment and Staffing

The operations of the School District are dependent on continued grant funding from the Ministry of Education and Child Care primarily based on student enrolment, students identified with special needs and other demographic and geographical factors. Expenditures are primarily associated with staffing and related compensation and benefits. Student enrolment and staffing levels are reflected below.

Enrolment

Provincial Grant funding is driven by student enrolment, unique student needs and unique geographical requirements, with additional funding for adult and summer school education. School District student enrolment is summarized as follows.

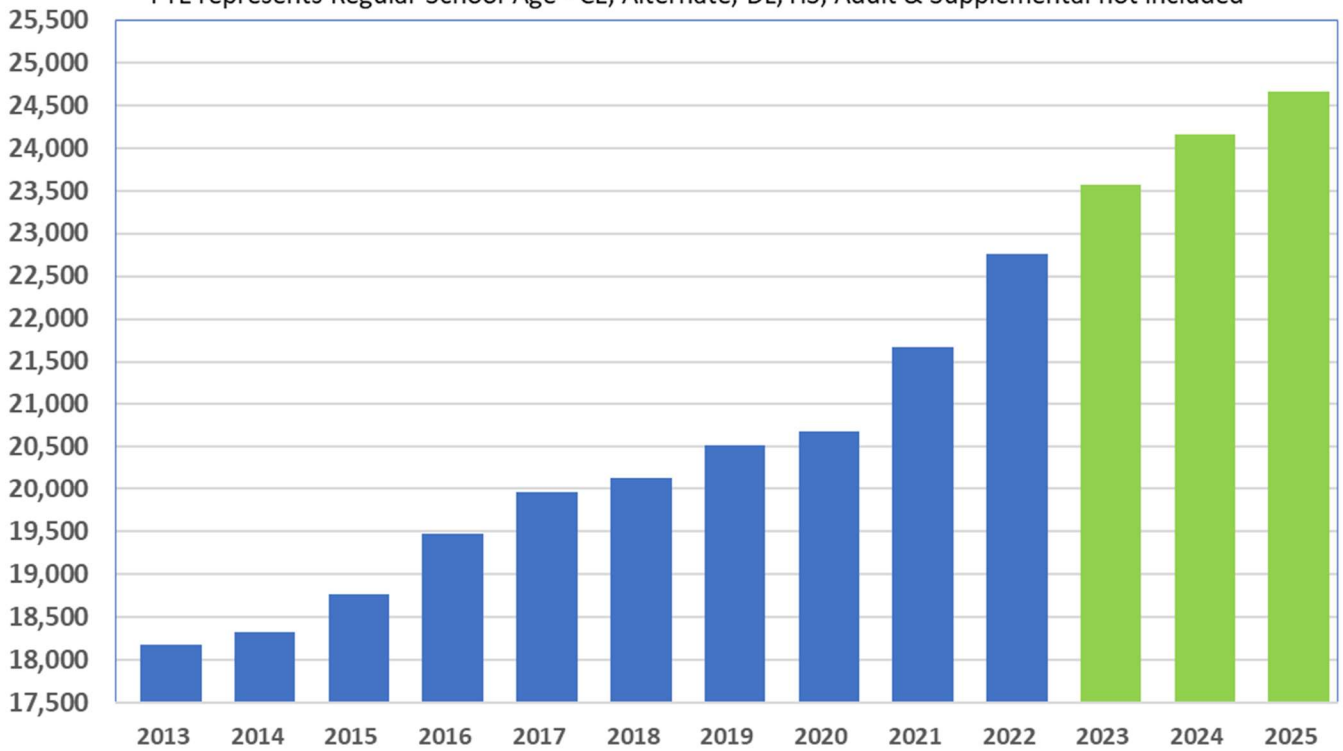
				Increase (Decrease) From	Increase (Decrease) From
	2022-23 Actual	2021-22 Actual	2022-23 Budget	From 2021 - 2022	Budget Variance
Standard (Regular) Schools	22,762.8750	21,662.4375	22,016.0097	1,100.4375	746.8653
Continuing Education	10.6250	12.6250	17.0000	(2.0000)	(6.3750)
Alternate Schools	255.0000	221.0000	240.0000	34.0000	15.0000
Total FTE	23,028.5000	21,896.0625	22,273.0097	1,132.4375	755.4903

				Increase (Decrease) From	Increase (Decrease) From
	2022-23 Actual	2021-22 Actual	2022-23 Budget	From 2021 - 2022	Budget Variance
Online Learning (DL)	203.5000	236.7500	103.0000	(33.2500)	100.5000
Home Schooling	45.0000	69.0000	17.0000	(24.0000)	28.0000
Course Challenges	95.0000	107.0000	91.0000	(12.0000)	4.0000
Summer school	397.0000	344.5000	470.3750	52.5000	(73.3750)
Adult Education	46.6250	50.2500	28.0000	(3.6250)	18.6250
Total FTE	787.1250	807.5000	709.3750	(20.3750)	77.7500

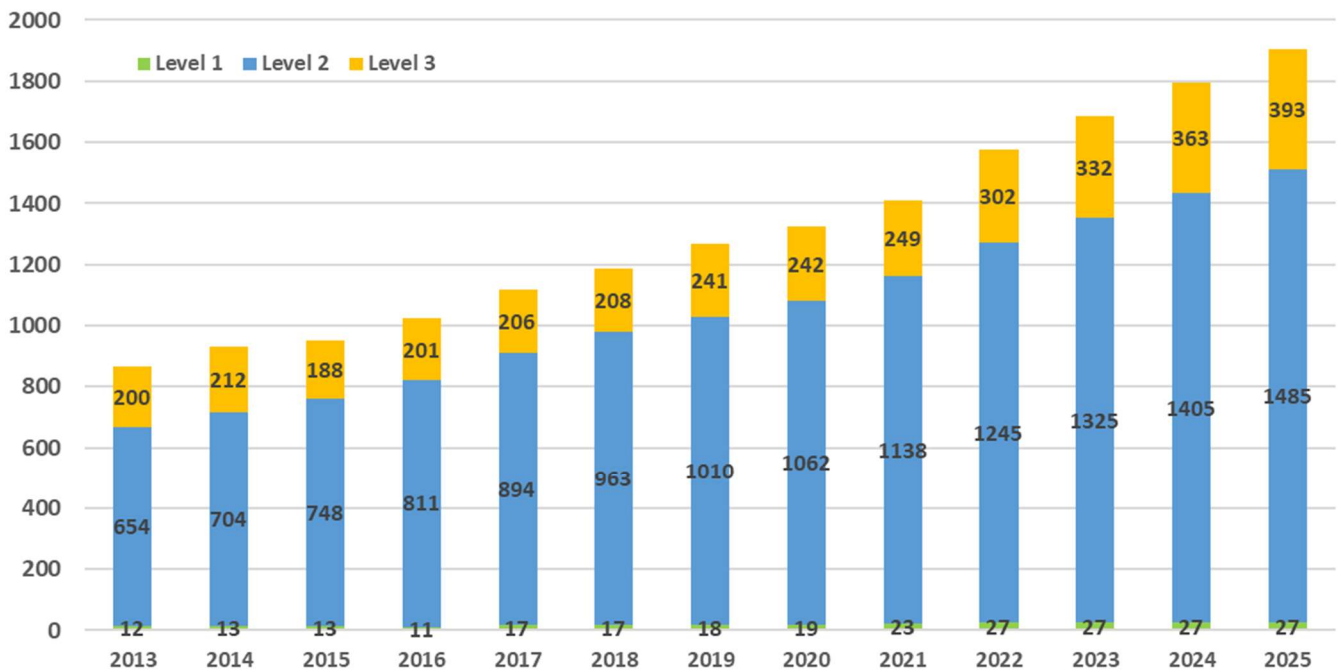
The bar graph shows that regular student enrolment has been increasing at a steady rate over the past few years. FTE growth rates show increases of 0.8%, 4.7%, and 5.1% in 2020, 2021, 2022. (Data Source: Ministry of Education and Child Care September 1701). The following bar graphs contain projections for the years 2023 to 2025 that align with our 3-year financial plan.

SD35 Student Enrolment 2013-2025 (FTE)

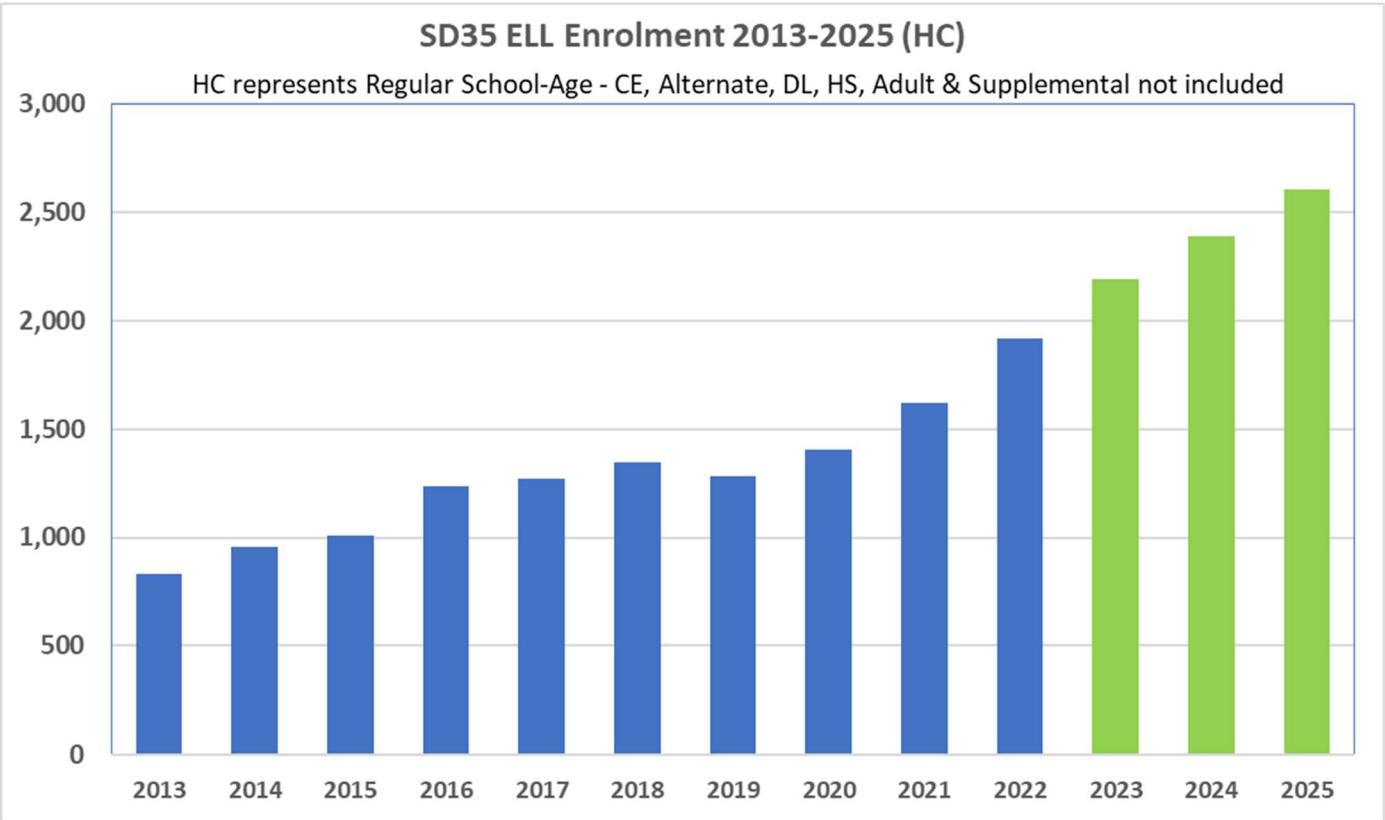
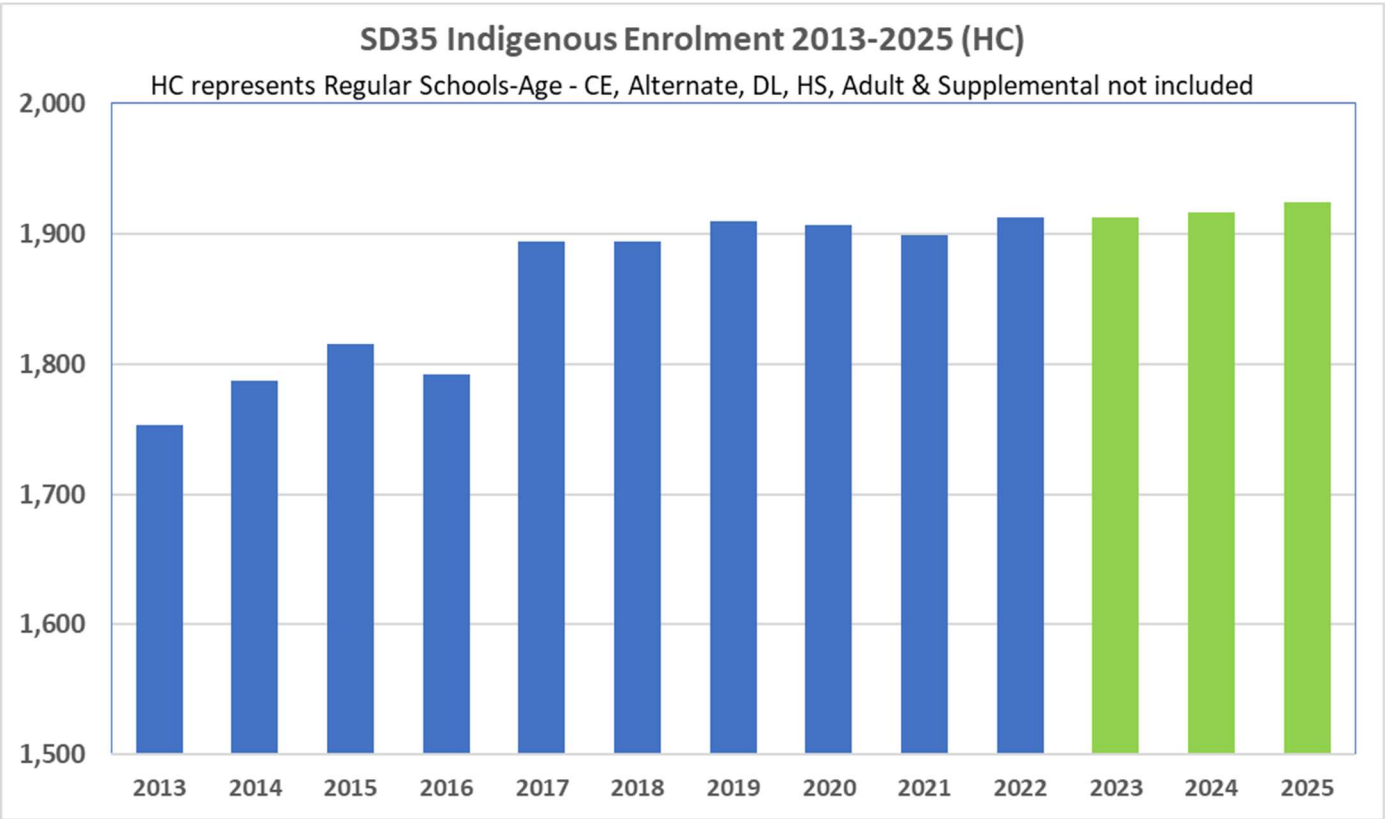
FTE represents Regular School-Age - CE, Alternate, DL, HS, Adult & Supplemental not included



SD35 Special Needs Enrolment by Level (HC)



HC represents Regular School-Age - CE, Alternate, DL, HS, Adult & Supplemental not included



Financial Highlights

The School District's revenue is heavily reliant upon the Operating Grant from the provincial government which is based on enrolment levels and other factors. 73.3% of the District's revenue is from the Operating Grant, 14.7% is provincial grant funding within the Special Purpose Fund, 4.5% of revenue is generated from International Education Programs, 3.7% associated with the recognition of Deferred Capital Revenue, and the balance through other revenue programs such as other Special Purpose Funding, Facility Rental and Lease Income, Investment Income and Summer School Programs.

90.8% of the School District's operating expenditures are associated with salaries and benefits. The balance of expenditures is related to supplies and services including utilities, professional development and maintenance.

Financial Results for 2022/2023

	Operating	SPF	Capital	Total
Revenues				
Provincial Grants	237,026,588	47,400,728	(48,542)	284,378,774
Municipal Grants	-	-	49,187	49,187
Tuition	14,525,986	-	-	14,525,986
Other Revenue	1,197,372	8,090,885	-	9,288,257
Rentals and Leases	958,124	-	-	958,124
Investment Income	2,335,884	-	35,190	2,371,074
Gain (Loss) on Disposal of Tangible Capital Asset	-	-	-	-
Amortization of Deferred Capital Revenue	-	-	11,802,330	11,802,330
Total Revenues	256,043,954	55,491,613	11,838,165	323,373,732
Expenses				
Instruction	207,962,634	54,048,222	-	262,010,856
District Administration	9,190,467	573,643	-	9,764,110
Operations and Maintenance	27,013,025	760,287	-	27,773,312
Transportation and Housing	2,402,177	-	-	2,402,177
Amortization of Tangible Capital Assets	-	-	16,115,753	16,115,753
Debt Services	-	-	-	-
Total Expenses	246,568,303	55,382,152	16,115,753	318,066,208
Surplus (Deficit)	9,475,651	109,461	(4,277,588)	5,307,524
Net Transfers to/from other Funds				
Local Capital	(7,307,635)	(109,461)	7,417,096	-
Total Net Transfers	(7,307,635)	(109,461)	7,417,096	-
Total Surplus (Deficit) for the year	2,168,016	-	3,139,508	5,307,524
Surplus (Deficit) beginning of the year	15,227,108	-	152,058,330	167,285,438
PPA Adjustment - ARO			(31,219,375)	(31,219,375)
Surplus (Deficit) beginning of the year (restated)	15,227,108	-	120,838,955	136,066,063
Accumulated Surplus (Deficit)	17,395,124	-	123,978,463	141,373,587

Operating Accounts

The School District was in a surplus position of \$2,168,016 when factoring in capital from operating. This is favorable when compared to a deficit budget of \$3.91M. The following are some explanations for the variances:

- Revenue is higher than the Amended Budget due mainly to higher February and May counts for Enrollment, higher Other Revenue and higher than expected increase in investment income as interest rates increased.
- Other Professionals was \$109K over budget due to higher than normal vacation payouts.
- Higher substitute costs due to vacancies coverage and resulting in higher expenditures on support staff replacement costs and teacher replacement costs.
- Support Staff and Educational Assistant Costs was \$1.42 million under budget due to lower than budgeted Educational Assistant Costs (offset by higher casual costs), higher than budgeted salary recoveries and staggered hiring for educational assistants throughout the school year.
- Lower average Teacher Salary and Vacancies (partially offset by higher substitute costs) was a factor in salaries being \$3.23 million under budget.
- Benefits rate of 23.6% is lower than the previous year's rate of 24.0%, actual benefit costs were \$0.336 million lower than budgeted due to lower salary costs.
- Spending on Services and Supplies was approximately \$1.076 million over budget due to higher spending patterns for schools and at the District level. Part of this increase was due to the impact of inflation and labour savings at cost centres that was used to purchase services and supplies. This was offset by \$696K savings in Utilities due mainly to a very mild spring.

Special Purpose Accounts

All Special Purpose Funds tracked within the Amended Budget including the Classroom Enhancement Fund accounts discussed below. Last year, the District received funding via the Provincial Safe Return to School Grant, Federal Safe Return to Class Fund, Seamless Day Kindergarten and the Early Childhood Education Dual Credit Program. New funding for this year included Student and Family Affordability, Just B4, Early Years to Kindergarten and Early Care & Learning Funding.

Capital Accounts

Funding for capital expenditures is primarily through the Ministry of Education and Child Care with some funding provided through locally generated capital funds.

There were three schools under construction during the year (Shortreed and Vanguard Seismic Projects along with PEMS Seismic which was approved in spring 2022). Smaller projects include a new playground at Coghlan Elementary, new windows at PEMS and updated plumbing at DWP Secondary.

Classroom Enhancement Fund (CEF)

In the spring of 2017, the Ministry of Education and Child Care committed funding to school districts to meet the obligations of the restored collective agreement language for class size and composition. For the 2022-23 school year \$34.28 million was provided to Langley and was utilized for the hiring of 336.29 (annualized) FTE teachers, to pay for an estimated \$5.80 million in remedy and to pay for an estimated \$0.940 million in additional overhead costs.

Statement of Financial Position

The following table provides an analysis of the School District's Net Financial Position for the fiscal years ended June 30, 2023 and 2022.

Cash increased \$11.9 million over the prior year. Cash held in the bank for current operational needs totals \$39.2 million. In addition, \$37.2 million is held on deposit with the Ministry of Finance and is available within 1-2 days if required. This Ministry Central deposit account earns interest at 5.45% (as of June 30, 2023), comparable with one year or longer locked in GIC rates. These rates have increased from a rate of 2.20% in the Spring of 2022 to manage inflation and other factors in the economy.

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	Increase (Decrease)	Change
Financial Assets				
Cash and cash equivalents	\$ 80,535,166	\$ 68,626,554	\$ 11,908,612	17.35%
Accounts Receivable				
Due from Province - Ministry of Education and Child Care	2,277,133	1,363,027	914,106	67.06%
Other	2,081,178	1,745,281	335,897	19.25%
Total Financial Assets	84,893,477	71,734,862	13,158,615	18.34%
Liabilities				
Accounts payable and accrued liabilities	40,002,764	33,489,412	6,513,352	19.45%
Unearned revenue	14,753,661	12,568,131	2,185,530	17.39%
Deferred revenue	5,941,626	4,821,535	1,120,091	23.23%
Deferred capital revenue	239,899,125	236,606,509	3,292,616	1.39%
Employee future benefits	6,802,763	6,432,552	370,211	5.76%
Asset Retirement Obligation	31,631,664	31,631,664	-	0.00%
Total Liabilities	339,031,603	325,549,803	13,481,800	4.14%
Net Financial Assets (Debt)	(254,138,126)	(253,814,941)	(323,185)	0.13%
Non-Financial Assets				
Tangible capital assets	392,966,928	387,805,305	5,161,623	1.33%
Prepaid expenses	2,544,785	2,075,699	469,086	22.60%
Total Non-Financial Assets	395,511,713	389,881,004	5,630,709	1.44%
Accumulated surplus	\$ 141,373,587	\$ 136,066,063	\$ 5,307,524	3.90%
Accumulated Surplus				
Capital	\$ 123,978,463	\$ 120,838,955	\$ 3,139,508	2.60%
Operating	17,395,124	15,227,108	2,168,016	14.24%
	\$ 141,373,587	\$ 136,066,063	\$ 5,307,524	3.90%

Cash assets at June 30 are categorized as follows.

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	Increase (Decrease)
Funds deposited with ScotiaBank	\$ 39,203,817	\$ 29,115,284	\$ 10,088,533
Central deposit - Ministry of Finance	37,191,621	35,641,997	1,549,624
School generated funds	4,139,728	3,869,273	270,455
	<u>\$ 80,535,166</u>	<u>\$ 68,626,554</u>	<u>\$ 11,908,612</u>

This cash is required to fulfill the payment and liability obligations as follows.

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	Increase (Decrease)
Obligations			
Trade payables	\$ 7,937,356	\$ 4,093,554	\$ 3,843,802
Salaries and benefits payable	24,527,462	22,164,831	2,362,631
Accrued vacation pay	4,650,373	4,471,882	178,491
Due to Province - Ministry of Education and Child Care	-	-	-
Other payable	2,887,573	2,759,143	128,430
Unearned Revenue - International students program	14,443,982	12,409,950	2,034,032
Unearned Revenue - Other	309,679	158,181	151,498
Deferred Revenue - Special Purpose Funds	5,941,627	4,821,535	1,120,092
Employee Future Benefits	6,802,763	6,432,552	370,211
Deferred Capital Revenue - Unspent	2,124,931	1,084,972	1,039,959
Local Capital	417,394	186,853	230,541
Other	-	-	-
			-
Assets			
Receivable - Ministry of Education and Child Care	(2,277,133)	(1,363,027)	(914,106)
Receivable - Other	(2,081,178)	(1,745,281)	(335,897)
Prepaid expense	(2,544,787)	(2,075,699)	(469,088)
	<u>63,140,042</u>	<u>53,399,446</u>	<u>9,740,596</u>
Accumulated Operating Surplus	<u>17,395,124</u>	<u>15,227,108</u>	<u>2,168,016</u>
	<u>\$ 80,535,166</u>	<u>\$ 68,626,554</u>	<u>\$ 11,908,612</u>

The difference between the cash assets and the liabilities is reflected as the accumulated surplus.

Accounts Receivable \$1.2M balance receivable at June 2023 from the Ministry of Education and Child Care pertaining to LTA grievance settlement.

Accounts Payable and Other Liabilities Trades Payable increase of \$3.84M is primarily due to remedy owing, increase in Other Payables \$0.128 million due primarily to an increase in Pro D Liability, increase in Salaries and Benefits Payable of \$2.36 million due to payroll timing and cutoffs and an increase in Accrued Vacation pay \$0.178 million.

Unearned Revenue is related to International Education tuition for subsequent years received in advance.

Deferred Revenues – Special Purpose Funds Increase of \$787K is primarily due to unspent funds in CEF Staffing in Fiscal 2023 due to not being able to fill positions. A further \$474K relates to unspent Student Affordability Fund.

Deferred Capital Revenue \$988K SSAC collected from Township of Langley and Langley City.

Tangible Capital Assets increased \$5.16 million primarily due to additions pertaining to buildings.

Financial Analysis – Comparison to Budget and Last Year

Statement of Operations

The Statement of Operations is a consolidation of three funds – Operating, Special Purpose and Capital Funds. Each of these three funds are reviewed separately below.

Statement of Operations – Operating Fund

Revenue

Grant Revenue

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Provincial Grants - Ministry of Education and Child Care	\$ 236,820,687	\$ 214,797,458	\$236,341,493	\$ 22,023,229	\$ 479,194
Provincial Grants - Other	205,900	361,844	192,400	(155,944)	13,500
	<u>\$ 237,026,587</u>	<u>\$ 215,159,302</u>	<u>\$236,533,893</u>	<u>\$ 21,867,286</u>	<u>\$ 492,695</u>

Grant Revenues were \$21.87 million higher than last year due to increased enrollment and increases in funding for per student amounts \$12.85 million plus \$9.09 million funding for collective agreements. This combined with higher enrollment for students with special needs (also, per student rates increased) resulting in additional grants. There was also an increase of \$0.031 million for Graduated Adults, \$0.010 Policing and Security Branch Funding, and \$0.054 million in Child Care Funding. This was offset by \$0.166 million lower revenue from Industry Training Authority.

Grant Revenues were \$0.493 million higher than budget mainly due to higher February and May enrolment counts.

International Education Revenues

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Tuition - International	14,390,254	14,511,083	14,304,093	(120,829)	86,161
	<u>\$ 14,390,254</u>	<u>\$ 14,511,083</u>	<u>\$ 14,304,093</u>	<u>\$ (120,829)</u>	<u>\$ 86,161</u>

International Education revenues were \$0.121 million lower due to lower retained revenue from timing of refunds.

Other Revenues

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Tuition - Other	135,732	211,620	148,715	(75,888)	(12,983)
Other Revenue	1,197,372	1,186,049	853,918	11,323	343,454
Rental and Leases	958,124	803,541	906,278	154,583	51,846
Investment Income	2,335,884	542,083	1,823,041	1,793,801	512,843
	\$ 4,627,112	\$ 2,743,293	\$ 3,731,952	\$ 1,883,819	\$ 895,160

Tuition Other was down from last year due to lower Summer School and Continuing Education Fees. Rental and Lease Revenue was higher than last year due to the increased easing of COVID-19 restrictions, resulting in higher film and community rental revenues. There were higher interest rates for the Central Deposit Program and investments with the bank resulting in higher investment income.

Expenses

Teachers

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Teachers	\$ 108,327,190	\$ 102,335,468	\$113,071,232	\$ 5,991,722	\$ (4,744,042)

Teacher Salary Expenses were \$5.99 million higher than last year due to additional FTE, collective agreement salary increases, salary increments per the collective agreement and grid step increases. There were additional teachers hired due to enrollment increases.

Teacher Salary Expenses were \$4.74M lower than budget due mainly to the lower average teacher salary and vacancies at school startup and second semester. This is offset by higher than budgeted TTOC costs.

Principals & Vice-Principals

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Principals and Vice-Principals	13,532,809	12,657,068	13,374,955	875,741	157,854

Principals and VP Salaries were \$875K higher due to wage increases. \$705K was at school level and balance was at the district level.

Principals and VP Salaries were \$158K higher due to higher than budgeted wage increases. A further \$10K was due to vacation accrual.

Educational Assistants

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Educational Assistants	22,000,428	19,843,362	23,732,377	2,157,066	(1,731,949)

Actual expenses were \$2.2M higher than last year. There were 52.9 SEA positions added in the 22/23 Budget \$1.7M; 2 Youth Care Workers from CLINK \$70K; 2 Bus Monitors added \$48K; contractual wage increases \$1.3M. Actuals were lower due to staggered starts throughout the school year.

Actual expenses were lower than budget by \$1.7M due to late starts and vacancies, this is offset by higher casual costs and higher than budgeted costs for vacation payouts. Also, actual budget variance is \$440K overstated as this amount should have been included with Support Staff salaries for wage increases.

Support Staff

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Support Staff	18,848,163	16,858,777	18,538,599	1,989,386	309,564

Actual expenses were \$1.9M higher than last year due to increased bus driver required for additional route \$35K; Added 3 Custodial positions due to increased number of portables and divisions \$155K; added 1 Technical Support Specialist in IT \$50K; higher overtime costs \$205K and contractual wage increase of \$1.2M. Annualized Support position for admin support and maintenance of \$140K. There was also higher vacation & sick day payouts \$115K.

Expenditures were \$310K higher than budget. The budget is \$440K understated as this amount should have been included with the Support Staff budget and was instead included in the Educational Assistant salary budget. Support Staff salaries are \$130K below budget. This was due to lower than budgeted vacation and sick day payout costs (\$130K).

Other Professionals

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Other Professionals	5,849,060	5,475,566	5,740,045	373,494	109,015

Actual expenses were \$373K higher than last year due to Exempt positions hired part way through the year; combined with wage increases.

Actual expenses were \$109K above budget primarily due to vacation payouts.

Substitutes

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Substitutes	12,149,778	10,553,864	9,482,849	1,595,914	2,666,929

Actual expenses were \$1.59M higher than last year. TTOC replacement vacancy costs were \$675K higher than last year due to increased vacancies and late starts. Casual replacement costs were \$242K higher. Other TTOC replacement costs were \$678K greater than last year partially due to collective wage increases.

Substitute costs were \$2.7M higher than budgeted. Actual casual support expenses were \$1.52M higher than budgeted due mainly to the backfilling for vacancies and sick costs for SEAs and Custodians. TTOC Replacement Vacancy costs were \$730K higher due to increased vacancies and late starts at the beginning of the school year and for the second semester. Other TTOC Costs were \$417K higher than budget.

Benefits

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Employee Benefits	42,590,107	40,303,347	42,926,295	2,286,760	(336,188)

Actual expenses were higher than last year due to an increase in overall staffing FTE.

Actual expenses were lower than budget due to the lower average teacher salaries for the District. Vacancies and late starts also drove down benefit costs.

Supplies

Supplies categories represent approximately 9% of the operating budget expenditures. Overall Services and Supplies are \$0.38 million over budget. More details below for each supply category.

Services and Supplies

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Services	6,472,735	6,240,858	6,221,913	231,877	250,822
Supplies	9,678,360	9,378,081	8,935,178	300,279	743,182
	16,151,095	15,618,939	15,157,091	532,156	994,004

Actual expenses for Services & Supplies were \$532K higher than last year.

Services: \$232K. Primarily due to:

\$210K – Other – Higher snow removal

\$154K – Contracts. Inclusion Langley Society for diversion funding and contract for orientation and mobility services for visually impaired students.

\$123K – Increased IT licensing costs

\$67K – Prof & Tech - Legal

\$56K – Bank Charges – KEV related for increased transaction activity at schools.

\$54K – Employee Assist Program - Lifeworks

\$44K – Presenter Fees. Conferences / Pro-D (\$438K) – Computer Equipment Lease expired.

Supplies: \$300K. Primarily due to:

\$371K – Supplies. \$152K: Custodial, \$120K in Instructional Services, \$98K in IT.

\$182K – Photocopying at schools

\$106K – Plumbing supplies

(\$326K) – Printed Books – one-time purchase for Elementary Level Literacy books in 21/22

Actual expenses were \$994K higher than budget.

Services: \$251K – Primarily due to higher than budgeted costs for snow removal.

Supplies: \$743K. Primarily due to Supplies line at the central department level:

\$200K – Learning Support Services increased expenditure on supplies, due to lower than budgeted salaries.

\$138K – Increased IT expenditure for equipment and services, due to lower than budgeted salaries.

\$122K – Custodial supplies increase for inflationary cost pressures.

\$109K - Instructional Support

\$72K – Consulting Costs

\$60K – English Language Learning supplies

\$45K – All schools combined

Transportation

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Student transportation	215,255	118,415	162,484	96,840	52,771

Actual transportation expenses were \$97K higher than last year. The increase was primarily driven by bussing for athletics, fieldtrips by LSS/WGSS and Summer School bussing costs and enhanced supports for Aboriginal students.

Actual expenses were \$53K higher than budget due to bussing for athletics and fieldtrips by LSS/WGSS.

Professional Development & Travel

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Professional development travel	1,452,758	924,383	1,491,201	528,375	(38,443)

Actual Pro-D costs were \$528K higher than last year primarily due to increased travel with less COVID-19 restrictions. Increases were in the following categories:

\$234K – Mileage and Expenses
 \$111K – Staff Development
 \$74K – Contractual Pro-D
 \$67K – Conferences
 \$37K – Travel Expenses

Actual expenses were (\$38K) lower than budget primarily due to lower than anticipated expenses for staff development.

Rentals & Leases

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Rentals and leases	71,923	37,874	52,100	34,049	19,823

Increase in facility rentals from the Township of Langley for different events.

Actual expenses were \$20K higher than budget due to higher facility rentals at Walnut Grove Community Centre.

Dues and Fees

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Dues and fees	1,532,113	1,399,363	1,548,010	132,750	(15,897)

Dues and Fees expenses were \$133K higher due mainly to commissions expenses for the International Student Program. 2021-2022 was lower due to impacts of COVID-19 and the reduced number of International students being recruited by agents for the District.

Dues & Fees were (\$16K) below budget.
 (\$88K) – Lower ISP commissions.
 (\$7K) – Decrease in Licenses & Permit costs.
 \$62K – Dues and Fees due to sports programs restarting at schools as well as increase for Alliance Medical Monitoring.
 \$17K – Increase in Foreign Exchange rates with bank.

Insurance

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Insurance	567,777	431,084	577,854	136,693	(10,077)

Insurance premiums for the School Protection Plan increased by \$137K over 2021/22.

Variance is primarily due to lower insurance premiums for white fleet.

Utilities

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	2022 - 2023 Budget	Increase (Decrease) From Jun 30, 2022	Budget Variance
Utilities	3,203,842	2,949,238	3,900,000	254,604	(696,158)

Utilities increased by a total of \$255K compared to the 2021/22 school year. The main driver for the increase was return to more normal operations and increase in gym and facility rentals.

Utilities were (\$696K) lower than budgeted primarily due to the following:
 (\$411K) – Natural Gas - a reduction in utility cost effective Apr 1st combined with some of the warmest weather we have seen in the past 10 years.
 (\$264K) – Electricity - Lower use of heat pumps due to warmer weather.

Statement of Operations – Special Purpose Fund

Special Purpose Funds are utilized to capture funding designated for specific purposes and balances can be deferred to subsequent years for the intended use. Grant revenues are only recognized as expenses are incurred. Any unused grants or funds remaining at the end of the year are treated as deferred revenue.

Provincial Grants - Ministry of Education and Child Care

Annual Facility Grant	\$ 680,305	\$ 665,831	\$ 14,474	\$ -
Learning Improvement Fund	766,619	742,677	23,942	8,595
Strong Start	287,419	287,810	(391)	771
Ready, Set, Learn	41,974	67,824	(25,850)	45,869
Official Languages in Education Protocol	259,159	187,700	71,459	38,584
CommunityLINK	2,182,623	2,106,842	75,781	-
Classroom Enhancement Fund - Overhead	939,969	906,082	33,887	-
Classroom Enhancement Fund - Staffing	33,493,840	27,195,257	6,298,583	3,876,891
Classroom Enhancement Fund - Remedies	5,805,121	1,625,876	4,179,245	-
First Nation Student Transportation	33,532	29,167	4,365	15,597
Mental Health in Schools	60,400	50,960	9,440	57,642
Safe Return to School Grant	-	496,728	(496,728)	-
Federal Safe Return to Class Fund	59,713	646,143	(586,430)	-
Changing Results for Young Children	4,438	5,229	(791)	4,552
Seamless Day Kindergarten	127,836	32,866	94,970	98
Early Childhood Education Dual Credit	20,763	101	20,662	69,136
Student & Family Affordability	1,688,308	-	1,688,308	474,932
Just B4	25,000	-	25,000	-
Early Years to Kindergarten	3,786	-	3,786	15,214
Early Care & Learning	175,000	-	175,000	-
	<u>46,655,805</u>	<u>35,047,093</u>	<u>11,608,712</u>	<u>4,607,881</u>

Provincial Grants - Other

Settlement Workers in Schools	744,923	556,924	187,999	187,892
	<u>744,923</u>	<u>556,924</u>	<u>187,999</u>	<u>187,892</u>

Other

School Generated Funds	8,090,885	4,923,245	3,167,640	1,145,853
	<u>8,090,885</u>	<u>4,923,245</u>	<u>3,167,640</u>	<u>1,145,853</u>

Total	<u>\$ 55,491,613</u>	<u>\$ 40,527,262</u>	<u>\$14,964,351</u>	<u>\$ 5,941,626</u>
--------------	----------------------	----------------------	---------------------	---------------------

Statement of Operations - Capital Funds

Capital Fund Balances are as Follows:

	Jun 30, 2023 Actual	Jun 30, 2022 Actual	Increase (Decrease) From Jun 30, 2022
Bylaw Capital			
Provincial Grants - Ministry of Education and Child Care	\$ 13,724,907	\$ 52,945,328	\$ (39,220,421)
Transfer project surplus to MECC Restricted	(136,478)	(91,361)	(45,117)
Transfer prior year surplus in MECC Restricted back to Bylaw	-	-	-
Reclassify revenue for AFG expense projects	-	(235,762)	235,762
Site Purchases	48,542	(42,117,960)	42,166,502
Work in progress	(13,636,971)	(10,500,245)	(3,136,726)
Reclass purchase from Local Capital	-	-	-
Net Change for the Year	-	-	-
Opening Balance	-	-	-
Closing Balance	-	-	-

Bylaw Capital Balance: These are funds from the Ministry of Education and targeted for capital purchases and projects. These funds were used for capital projects (Shortreed Seismic, Vanguard Seismic, PEMS Seismic, DWP Sanitary Upgrade, AFG, Playground Equipment & School Enhancement Projects).

Ministry of Education and Child Care - Restricted Capital			
Investment income	22,278	5,162	17,116
Net proceeds from the disposal of sites and buildings	-	-	-
Transfer project surplus from Bylaw Capital	136,478	91,361	45,117
Transfer prior year surplus in MEd Restricted back to Bylaw	-	-	-
Other	-	-	-
Work in progress	(76,755)	(420,377)	343,622
Net Change for the Year	82,001	(323,854)	405,855
Opening Balance	679,326	1,003,180	(323,854)
Closing Balance	761,327	679,326	82,001

Ministry Restricted Capital Balance: These are funds held on behalf of the Ministry of Education and Child Care. Per the Ministry agreement, we will be contributing up to \$1.0 million from restricted capital towards the construction of Donna Gabriel Robins Elementary School. \$420,377 was contributed in 2022

with an additional \$76,755 contributed in 2023. Per the Ministry agreement for the LSS Expansion project, the District will also contribute \$1M to the project. In 2023, there was project surplus of \$136,478 coming from ACSS Building Remediation, PEMS Windows and Smith Site Purchase projects.

		Increase (Decrease) From Jun 30, 2022
Jun 30, 2023 Actual	Jun 30, 2022 Actual	

Land Capital

School site acquisition fees	987,862	336,101	651,761
Investment income	19,283	18,316	967
Site acquisitions	(49,187)	(4,450,813)	4,401,626
Net Change for the Year	957,958	(4,096,396)	5,054,354
Opening Balance	405,646	4,502,042	(4,096,396)
Closing Balance	1,363,604	405,646	957,958

Land Capital Balance: Last year \$4.45M was contributed to the Smith school site land purchase as identified in the capital plan. In 2023 \$988K was collected by the District from the Township and City as part of the school site acquisition charge and these funds will be used for future.

		Increase (Decrease) From Jun 30, 2022
Jun 30, 2023 Actual	Jun 30, 2022 Actual	

Other Provincial Capital

Provincial Grants - Other	-	(12,445)	12,445
Equipment purchases	-	(325,582)	325,582
Net Change for the Year	-	(338,027)	338,027
Opening Balance	-	338,027	(338,027)
Closing Balance	-	-	-

Other Provincial Capital Balance: Last year the district received \$338,080 from the Ministry of Children and Family Development under the Child Care Rapid Renovation Fund to purchase equipment for the 3 Neighbourhood Learning Centre spaces in the new Donna Gabriel Robins Elementary School (\$325,582 was spent and \$12,445 was returned as we did not spend the entire grant).

			Increase (Decrease) From Jun 30, 2022
Jun 30, 2023 Actual	Jun 30, 2022 Actual		

Local Capital

Investment income	35,190	13,521	21,669
Transfer from Operating Fund	7,307,635	5,666,140	1,641,495
Other	-	-	-
Capital assets purchased	(6,944,433)	(5,635,045)	(1,309,388)
Work in progress	(167,850)	(2,374,965)	2,207,115
Net change for the year	230,542	(2,330,349)	2,560,891
Opening balance	186,851	2,517,200	(2,330,349)
Closing balance	417,393	186,851	230,542

Local Capital Balance: Per the Ministry agreement, the District contributed \$2.50 million from Local Capital towards the construction of Donna Gabriel Robins Elementary School.

Major Capital Projects

The following is a summary of some of the major capital projects undertaken during the year.

Seismic Remediation

- **Shortreed Seismic School:** On December 10, 2020, the Ministry announced the approval of the \$7.87M seismic project for Shortreed Elementary. The project will retain the existing area and will also include accessibility and life safety upgrades to ensure the school is safe and functional. The project was completed.
- **Vanguard Seismic School:** On May 4, 2021, the Ministry announced the approval of the seismic project for Vanguard Secondary. The project will provide new, modern classrooms, while ensuring all students and staff are safe at school. The total value of the project is \$3.33 million. The project is nearing completion, with the demolition of the old building scheduled to happen during the summer.
- **PEMS Seismic School:** On June 16, 2022, the Ministry announced a \$38.7M seismic upgrade and a 11-classroom expansion at Peter Ewart Middle school. The School District is contributing an additional \$1 million. Construction started in spring 2023 and the project is expected to be complete in fall 2024.

Annual Facility Grant (AFG)

The Annual Facility Grant funding is provided by the Ministry of Education and Child Care for designated school capital or maintenance upgrades. \$3.49 million was provided by the Ministry of Education and Child Care to fund the following projects in 2022/2023.

- Roof replacement major sections: 4 schools including gutters/drains
- Roofing Consultation: multiple sites
- Exterior painting: multiple sites
- Septic Upgrade Phase 2: 1 site
- Flooring: various classrooms and hallways, various gyms floors resurfaced
- Lighting upgrade: 8 sites
- Custodial Room Upgrade: 2 sites
- Washroom Renovations/Upgrades: 3 schools
- Mechanical System upgrades: multiple sites
- RTU Replacements: 2 sites
- Emergency Generator load testing: 4sites
- Fire Alarm Upgrades: 2 sites
- Elevator FOB Access: various schools
- Duct Cleaning: 6 schools
- Paving, Drainage, and Site upgrades: multiple sites
- Speed Drive upgrades: multiple sites
- Information Technology infrastructure upgrades: various schools
- Filtered Drinking water stations: 2 schools
- Asbestos Abatement: (removal) various schools
- Functional Improvements, Door & door Hardware replacement: various Schools
- Disabled Access upgrades (wheelchair ramps, hand rails, accessible washrooms): multiple sites
- Electric Vehicle chargers: multiple sites
- Septic Tank Upgrade: 1 site
- Disabled access: multiple sites
- Dust Collector Upgrade: 1 site
- Well Upgrade: 1 site

Surplus (Operations)

The Board of Education has established an Operating Surplus Policy that allows the District to budget for expenditure in excess of revenue in a given year. The Board of Education is responsible for ensuring the District is protected financially from financial risk and unforeseen circumstances which could negatively affect the education of students. Refer to [Policy 17](#) available on the SD35 website for more information.

The Board reviews this policy annually and provides further details in the Audited Financial Statements as to how restricted surplus funds are planned to be utilized in subsequent years.

	June 30, 2022 (Restated - Note 21)	Appropriated to Balance Amended 22/23 Budget	Appropriated to Balance Preliminary 23/24 Budget	22/23 Surplus	June 30, 2023
Total Capital Fund Surplus	\$120,838,955				\$120,838,955
Restricted Operating Surplus					
Constraints on Funds:					
Internally restricted for commitments 2022/2023	1,233,788	(1,233,788)	-	2,937,040	2,937,040
Internally restricted for Initiatives not completed 2022/2023	-	-	-	125,000	125,000
Internally restricted for Indigenous Education 2022/2023	167,804	(167,804)	-	77,271	77,271
School Generated Funds	2,622,054	-	-	73,360	2,695,414
				-	-
Anticipated Unusual Expenses:					
Internally restricted for COVID-19 contingency	283,393	(283,393)	-	-	-
Operations Spanning Multiple Years:					
Internally restricted to balance 2023/2024 budget	-	-	2,565,672	-	2,565,672
Internally restricted to balance 2022/2023 budget	770,673	(770,673)	-	-	-
Internally restricted to balance future budgets	2,489,351	-	(507,868)	-	1,981,482
Internally restricted for infrastructure replacement	107,804	-	(107,804)	-	-
Internally restricted for student capacity needs	1,500,000	-	(1,500,000)	1,747,329	1,747,329
School surpluses	421,322	(421,322)	-	264,997	264,997
Internally restricted for classroom furniture	250,000	(130,000)	-	150,000	270,000
Internally restricted for projector replacements	750,000	(600,000)	(150,000)	350,000	350,000
Future Capital Cost Share:					
Restricted for Future District Capital Contribution	630,919	(300,000)	(300,000)	-	30,919
Total restricted surplus	11,227,108	(3,906,980)	0	5,724,997	13,045,124
Unrestricted Operating Surplus	4,000,000	0	-	350,000	4,350,000
Total Operating Surplus	15,227,108	(3,906,980)	0	6,074,997	17,395,124
Accumulated Surplus	\$136,066,063	(\$3,906,980)	\$0	\$6,074,997	\$138,234,079

Potential Future Financial impact on the District

There are several factors that could impact the District's stable and healthy financial situation during the 2023/2024 school year and beyond.

Risk Assessment

In 2017/2018, a risk assessment was completed that identified 20 areas of risk. School District staff continue to work on mitigating the risks identified within the report. The following are the top risk factors that could have potential financial and non-financial impact on the School District:

1. Delivery of capital projects – That the District is unable to secure adequate funding to successfully deliver highly complex capital projects.
2. Supporting students and families with mental health issues - The risk that, due to limited funding, the District and supporting agencies may not have sufficient or appropriate tools and resources to address the needs of students and families with mental health issues.

Classroom Enhancement Fund/Restored Teacher Collective Agreement Language

BCPSEA and BCTF reached an agreement on the restored language arising from the Supreme Court of Canada ruling early 2017. The restoration has been categorized into four areas:

- Non-Enrolling Teacher Staffing ratios.
- Class Size Provisions.
- Class Composition Provisions.
- Process and Ancillary Language.

A related issue is timely and sustainable funding from the Ministry of Education and Child Care to create required classroom spaces for subsequent years. Local capital funds are not sufficient to support this level of capital outlay. Delays between identified needs and required funding add to uncertainty and place stress on the School District's capacity to fulfill requirements.

Grant Funding Model Review

During 2018, the Ministry of Education and Child Care initiated a review of the current grant-funding model that has been in place since 2002. The review involved input and consultation from all 60 school districts and over 350 education stakeholders. Final Working Group reports were completed in October 2019, and partners noted that some of the recommendations would be relatively straightforward to implement while others would not. Upon completion of the review, the Ministry will implement recommendations with a two-phase plan, beginning with 12 of the 22 recommendations (specifically, 2, 3, 12, 13, 14, 15, 16, 17, 19, 20, 21 and 22). Phase 1 of the model was implemented, and funding adjustments were reflected in the 2020-21 Preliminary Budget. Phase 2 still needs to be implemented and at the current time the impact on funding levels to the School District remains unknown.

International Education

The School District is heavily reliant on International Education programs to provide a significant source of revenue funding to reduce the gap on grant funding shortfalls. The restored teacher collective agreement has added space constraints for attracting more international students. While we do not envision negative events that would interrupt these programs, International Education is an important stabilizing financial influence on the School District.

Facilities – Capital Funds

There continues to be an increasing demand for enrolment space in the Willoughby area and the Brookwood/Fernridge area will be developed over the coming years. The long-term facilities plan has identified the need for a number of schools in the area. The capital approval process takes time and resources to get new capital projects up and running. The Ministry continues to request that school districts contribute more local funds towards capital projects. Furthermore, the requirement to comply with collective agreement restored language places an increased burden and demand on class space to accommodate students. This coupled with the cost and availability of portables for these additional students adds more constraints on resources.

Technology Requirements

The demand for technology hardware, software, and system utilization continues at a rapid pace. Providing the required services and ensuring that information is secure and protected necessitates increased financial resources. Technology in support of education will allow us to implement the paradigm shift and transformational education required to be at the forefront and on the cutting-edge in the 21st-century. Technology in support of the framework for enhancing student learning and more real-time reporting on student progress is a crucial undertaking. MyEdBC student administration system requires enhancements in order to meet the ongoing needs for improved data and reporting.

Enrollment Growth in the District

Enrollment continues to grow at a rapid pace in the District. This adds increased demand for additional schools and classroom space. District requires funding from the Ministry to build new schools. This also requires the District to hire more teaching and educational assistant staff in the classroom, at a time where there are staffing shortages.

Contacting Management

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

If you have questions about this financial report, please contact the Office of the Secretary–Treasurer.



School District No. 35 (Langley)
4875 - 222 Street
Langley, British Columbia
V3A 3Z7