

To: Finance, Facilities & Technology Committee

Prepared By: Jason Reid
 Secretary Treasurer

Subject: 2022/23 Financial Statements

Date: September 5, 2023

Purpose

The purpose of this briefing note is to:

- 1) Provide information relevant for the committee’s review and the Board’s approval of the 2022/23 financial statements including fund transfers to local capital and internal restriction of accumulated operating surplus;
- 2) Advise on the next steps in the adoption of the 2023/24 Amended Budget; and,
- 3) Advise on next steps for 2024/25 Budget Planning.

Status of Financial Audit

The audit of the 2022/23 Financial Statements is substantially complete and the Auditor General’s Office reports that they expect to issue the audit opinion following approval of the financial statements by the Board of Education. The audit opinion will be qualified only in relation to the contributions revenue accounting policies the school district is required to follow by government regulation.

2022/23 Financial Statements

As reported in the consolidated statement of operations (statement 2), for the year ended June 30, 2023, the district’s expenses exceeded its revenue resulting in an annual deficit of \$346,161 (2022 result was an annual deficit of \$3,498,631). This was comprised of the combined financial results of the operating fund and the capital fund as follows:

Annual Surplus (Deficit)	June 30, 2023	June 30, 2022
Operating Fund	(335,514)	(2,921,751)
Capital Fund	(10,647)	(576,880)
Combined	(346,161)	(3,498,631)

In the operating fund, the annual deficit of \$335,514 resulted in accumulated operating surplus decreasing from \$3,994,957 at the beginning of the year to \$3,659,443 as at June 30, 2023. Overall, this is consistent with forecasted results reported at the end of May 2023. Note that this operating deficit includes \$0.5 million in one-time expenditures from allocation of contingency reserve to fund the replacement of district phone systems (i.e. without these expenditures the district would have experienced a small operating surplus).

A Financial Statement Discussion and Analysis (“FSD&A”) has been prepared to supplement the financial statements by providing additional information and analysis so readers can more fully understand the school district’s 2022/23 financial performance.

The FSD&A is included in the committee package and should be reviewed in conjunction with the committee’s review of the financial statements. The FSD&A will be published on the school district’s website along with the audited financial statements, once the financial statements are approved by the Board of Education.

Fund Transfer to Local Capital

[Board Policy 19 \(Accumulated Operating Surplus\)](#) addresses the use of accumulated surplus and the process for fund transfers from the operating fund.

“Transfers of operating surplus to local capital are approved by Board motion and are made only for specific initiatives that either have a clear linkage to boards’ strategic goals, address required future capital asset investment, or that meet other specified needs of the school district.” [excerpt from Policy 19]

Transfers from the operating fund to local capital represent funds designated for the future purchase of capital assets. In Saanich, these transfers in 2022/23 relate solely to allocation of a portion of lease revenues designated for future renewal of leased space. The practice of allocating a designated portion of annual lease revenues to local capital was a historical Board decision to ensure childcare portables and other leased exclusive use space can be renewed and sustained long term. For the year-ended June 30, 2023, the amount of this transfer is \$116,820. This transfer is presented in schedules 1, 2, and 4 following the notes the financial statements.

Internal Restriction of Accumulated Operating Surplus

“Accumulated operating surplus may be appropriated (internally restricted) by Board motion for the following purposes:

- *Contingency Reserve;*
- *Multi-year Funding of Projects and Programs; and*
- *Strategic or Operational Priorities.” [excerpt from Policy 19]*

Policy 19 requires that the contingency reserve be sufficient to reduce financial risk (and its impact on program stability) to an appropriate level, and when the contingency reserve is reduced below what is determined to be appropriate, “the Board will adopt strategies for replenishing the Contingency Reserve within an appropriate time frame.”

The 2022/23 Amended Budget was balanced without appropriation of accumulated surplus to fund continuing expenditures, and with contingency reserve of \$2,998,441. After removing the impact of a one-time expenditure of \$500,000 to replace phone systems, the actual result in comparison to budget was a small surplus of less than \$0.2 million, or less than 0.2% of budgeted expenditures. This is a concerning result indicating the structural budget balance in 2022/23 was tenuous. Increasing budget pressure in 2022/23 was attributable to continued escalation of sick and emergency leave usage and inflationary cost pressures for equipment, services, and supplies.

Balancing the 2023/24 Budget required appropriation of accumulated surplus of \$1,384,307 to fund continuing inflationary cost pressures¹. This included \$600,000 to fund the increased leave costs experienced in 2022/23 (and expected to continue), and the remaining appropriation was necessary to fund almost \$800,000 in additional inflationary costs budgeted in 2023/24 relating to benefit plan premiums, services, equipment and supplies. The contingency reserve has also decreased from \$2,998,441 in 2022/23 to \$1,499,507 in 2023/24.

Appropriation of accumulated surplus to fund continuing expenditures is sustainable only when sufficient conservatism is embedded in the budget such that the appropriation balances off with average budget underspend and overall accumulated operating surplus is stable or grows. However, the actual results for 2022/23 indicate that funding almost \$800,000 of additional inflationary costs in 2023/24 with accumulated surplus is unlikely to be sustainable. Compounding this financial risk is the likelihood of further unfunded inflationary costs in 2024/25 and a reduced contingency reserve balance (at a time when the risk factors would instead justify a higher reserve balance).

The Board will need to adopt strategies to replenish the contingency reserve and improve budgetary balance by reducing dependence on accumulated surplus to fund continuing expenditures. This is discussed further below in relation to next steps for adopting the 2023/24 Amended Budget and 2024/25 Budget Planning.

Per Policy 19, surplus available for multi-year funding of projects and programs is the surplus available after first allocating what is necessary to the contingency reserve. Although available surplus is not sufficient to fund an appropriate contingency reserve, I do recommend that carry-forwards are approved (in more limited circumstances) to avoid abrupt program impacts. It will then be necessary to develop a strategy in future budgets (including the 2023/24 Amended Budget) to replenish the contingency reserve and reduce reliance on accumulated surplus to fund continuing expenditures.

¹ The 2023/24 Preliminary Budget was balanced with \$1,682,754 in appropriation of accumulated surplus for continuing expenditures. Subsequent to adoption of the budget, funding and policy direction for exempt compensation was confirmed, and the proposed appropriation of accumulated surplus was reduced to \$1,384,307 reflecting the funding announced and actual salary inflation cost versus budget.

Multi-year funding of projects and programs requires the allocation of prior year revenues to fund future expenditures and is achieved through budgetary appropriation of accumulated operating surplus. This appropriation of June 30, 2023 accumulated operating surplus effectively includes these balances as a source of revenue (for budgetary purposes) in the 2023/24 Amended Budget. Multi-year funding of projects and programs has historically applied in the following circumstances:

- School surplus balances – schools historically carry-forward unspent operating budget as they are expected to fund equipment replacement and other initiatives that span more than one fiscal year. These carry-forwards have historically been limited to 40% of operating budget², except in unusual circumstances.
- Continuing project – budget allocated to a discrete project in-progress that continues beyond the end of the fiscal year. This includes equipment purchased with 2022/23 budget, which does not arrive until after fiscal year-end.
- Targeted funding – funding externally restricted for a specific purpose and not fully spent by the end of the year.
- Timing differences – funding is received but the related expenditures occur in the following fiscal year. For example, most of the instructional services balance occurs because for certain programs funding and some of the related costs occur in different fiscal years (ex. Dual credit program, Hairstylist program, etc).

Due to the significant decline in available accumulated surplus, proposed carry-forward balances are further restricted as follows:

- Reduce limit on school carry-forwards by 50% (from 40% of budget to 20% of budget). Greater surplus only permitted where a school had made a purchase before year-end that was not received/invoiced before year-end, and only to the extent that purchase exceeded the limit of 20% of budget.
- Carry-forwards for continuing projects only allowed for irreversible commitments – targeted funding, purchase that has already been made (but not invoiced before year-end) or a public commitment related to an educational program priority (ex. specific strategic plan initiative).

Accumulated operating surplus and proposed appropriations of accumulated operating surplus as at June 30, 2023 are presented in the left column in the table below. These proposed appropriations are presented in Note 13 of the financial statements, pending approval by the Board.

² Carry-forwards have historically been limited to 10% of operating budget, except in unusual circumstances. Effective in 2021/22, budgets for school support staff were centralized to simplify the budgeting process for schools. Following this change (which effectively reduced budgets under school control), an equivalent limit on carryforward balances has been determined to be 40%.

	2022/23 Financial Statements	2022/23 Amended Budget	2021/22 Financial Statements
School Activities (multi-year funding)	252,928	403,932	403,932
District Activities (multi-year funding)	522,701	592,584	592,584
Appropriated for Budget in Following Year	1,384,307	-	2,530,968
Total Internally Restricted	2,159,936	996,516	3,527,484
Contingency Reserve (Unappropriated Surplus)	1,499,507	2,998,441	467,473
Total Accumulated Surplus	3,659,443	3,994,957	3,994,957

The right column in the above table shows how accumulated surplus was restricted in the prior year (2021/22) financial statements³, and the middle column shows how this prior year accumulated surplus was then allocated in the 2022/23 amended budget adopted by the Board in February 2023.

Carry-forward balances for school and district activities are presented in more detail in **Appendix 1**.

Adoption of the 2023/24 Amended Budget – Next Steps

Each year the Board of Education approves an Amended Annual Budget (before the end of February) reflecting changes that result from:

- analysis of prior year audited results and confirmation of available accumulated operating surplus;
- confirmation of fall enrolment and resulting funding and staffing costs; and
- other circumstances that have arisen subsequent to the adoption of the preliminary budget.

In October, I will provide updates on enrolment, funding, and the related impact on budgetary balance for the 2023/24 Amended Budget.

Given the increased budgetary risk as outlined in this briefing note, I recommend that any incremental funding from enrolment growth be allocated to the extent possible to increase the

³ The reduction in the appropriation of accumulated surplus for budget and the corresponding increase to the contingency reserve in the 2022/23 amended budget resulted from increased funding for teacher positions through the Classroom Enhancement Fund (CEF), which effectively transferred expenditure budget from the operating fund to the special purpose fund.

contingency reserve and reduce reliance on accumulated surplus to fund continuing expenditures.

This approach is consistent with Board direction from the May 3, 2023 Special Budget Board meeting which included that the 2023/24 budget reflect as a principle *“that during 2023/24 any additional funding, including from enrolment growth relative to forecast, be applied to reduce budget pressure to the extent possible”*.

2024/25 Budget Planning Next Steps

At the May 3, 2023 Special Budget Board meeting the following motion was carried:

“That the district conduct a review of programs, early in 2023/24, considering where budget reductions are feasible to inform cost reduction measures to be implemented in future budgets as required, and that the Board advocate at all levels for funding of inflationary and other unfunded cost pressures.”

Prior to the budget consultation process commencing, staff will complete a review of programs considering where budget savings are feasible. This review will include the following:

- comparative program budget analysis (program cost per student FTE)
- program and school budget allocation model review (staffing and service and supplies)
- leave cost analysis (cost drivers and opportunities)
- opportunities to generate revenues

At the October FF&T meeting the Long-Range Financial Plan will be presented for review and approval. This plan will forecast fiscal balance over the next 3 years and will help inform budget planning for 2024/25.

Board Approval of 2022/23 Financial Statements**Staff Recommendations:**

That the Board approve the internal restriction of accumulated operating surplus as presented in note 13 in the 2022/23 financial statements.

That the Board approve transfer of \$116,820 from accumulated operating surplus to local capital, as presented in schedule 1 in the 2022/23 financial statements.

That the Board approve the 2022/23 Financial Statements.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jason Reid".

Jason Reid
Secretary-Treasurer

JR/klg

Attachments: Appendix 1: District and School Surplus Balances

**Appendix 1: District and School Surplus Balances
As at June 30, 2023**

	June 2023	June 2022	Change
School Activities (multi-year funding)	252,928	403,932	(151,004)
District Activities (multi-year funding)	522,701	592,584	(69,883)
Appropriated for Budget in following year	1,384,307	2,530,968	(1,146,661)
Total Internally Restricted	2,159,936	3,527,484	(1,367,548)
Contingency Reserve (Unappropriated Surplus)	1,499,507	467,473	1,032,034
Total Accumulated Surplus	3,659,443	3,994,957	(335,514)

Internally Restricted for District Activities				
	June 2023 Budget CFWD	June 2022 Budget CFWD	Change	
Information Technology - IT Infrastructure	-	5,531	(5,531)	
Finance - projects	-	35,000	(35,000)	
Instructional Services - programs	83,560	153,724	(70,164)	
Learning and Innovation - grants/programs	31,934	67,164	(35,230)	
Indigenous Education - grants/programs	258,966	225,494	33,472	
Diversity and Inclusion - grants/programs	122,537	64,546	57,991	
Early Learning Programs	-	12,922	(12,922)	
Saanich Rec Joint Use Funds - ROMS	19,524	23,203	(3,679)	
Superintendent - projects	1,780	5,000	(3,220)	
H&S - OHS projects	4,400	-	4,400	
Total District Activities (multi-year funding)	522,701	592,584	(66,204)	
Internally Restricted for School Activities				
	BUDGET (excluding staffing and SPF)	June 2023 Budget CFWD	% Surplus Relative to Budget	June 2022 Budget CFWD
Brentwood Elementary	80,746	16,149	20.0%	18,748
Cordova Bay Elementary	79,542	15,908	20.0%	20,318
Deep Cove Elementary	64,878	-	0.0%	11,462
Keating Elementary	88,767	-	0.0%	4,308
Lochside Elementary	83,719	16,744	20.0%	1,310
Prospect Lake Elementary	47,899	-	0.0%	(2,610)
Kelset Elementary	85,015	8,768	10.3%	20,666
Sidney Elementary	89,472	17,877	20.0%	19,785
Stelly's Secondary	358,680	71,736	20.0%	63,796
Claremont Secondary	370,850	2,388	0.6%	(11,928)
Parkland Secondary	179,477	14,740	8.2%	44,005
North Saanich Middle	98,149	12,369	12.6%	20,000
Royal Oak Middle	111,215	(983)	-0.9%	19,035
Bayside Middle	134,684	455	0.3%	44,000
ILC and Continuing Education	229,689	45,938	20.0%	47,905
SIDES	551,830	30,839	5.6%	59,157
Children's Development Centre	96,584	-	0.0%	23,977
School Activities (multi-year funding)	2,751,196	252,928		403,934



**Financial Statement
Discussion and Analysis**

For the Year Ended June 30, 2023

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2023

The following is a discussion and analysis of the Saanich School District's financial performance for the fiscal year ended June 30, 2023. This report is a summary of the district's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year and budget. This report should be read in conjunction with the district's financial statements.

OVERVIEW OF THE SCHOOL DISTRICT

The Saanich School District serves about 8,000 student FTE in: 14 neighborhood schools (8 elementary schools, 3 middle schools, and 3 secondary schools); the Children's Development Centre; the South Island Distance Education School (SIDES); the Individual Learning Centre (ILC), the Continuing Education program; and the Saanich International Student Program.

Saanich Schools Strategic Plan 2022-2027 guides the Board of Education and its employees and partners in delivering educational programs. The Strategic Plan is organized around the following four goals:

- Literacy;
- Indigenous Learner Success;
- Mental Health and Wellness; and
- Global Citizenship.

Under the *School Act* and Policy 2 (Role of the Board), the Board is responsible for the improvement of student achievement, and the strategic plan is the means to achieving this objective.

UNDERSTANDING SCHOOL DISTRICT FINANCIAL PERFORMANCE

Annual surplus and accumulated surplus¹ are key financial statement performance indicators; however, interpreting the meaning of these figures in BC school districts is complicated by the use of fund accounting and deferral accounting. The use of fund accounting means the financial statements of school districts are a consolidation of three separate funds (operating, special purpose and capital), and each of these funds differs with respect to the methods of accounting used and the legislative and other constraints on budgeting and financial results. This means financial performance can only be fully understood by reviewing each fund separately. Financial performance for each fund is reported in the supplementary schedules that follow the notes to the financial statements.

¹ Annual surplus is the extent to which annual revenues exceed expenses. If annual expenses exceed revenues the result is referred to as an annual deficit. An accumulated surplus position is the extent to which revenues from all previous years have exceeded expenses from all previous years. An accumulated deficit position occurs when expenses from all previous years exceed revenues from all previous years. When an accumulated deficit occurs, it means future revenues are needed to pay for past expenditures.

Saanich School District
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<p>Operating Fund</p> <p>2023 Revenues: \$89.5 million</p>	<p>Annual program revenues and expenditures are reported within the operating fund and special purpose fund (see below). Annual surplus and accumulated surplus within the operating fund are important indicators of financial performance and financial health for school districts. This is because school districts are not permitted to budget for or incur an <u>accumulated</u> deficit position. This means when a school district has accumulated operating surplus available it can be used to budget for future expenditures or to reduce financial risk associated with unforeseen circumstances.</p>
<p>Special Purpose Fund</p> <p>2023 Revenues: \$17.0 million</p>	<p>The special purpose fund includes targeted grants and school generated revenues that are restricted for a specific purpose. Annual and accumulated surplus is always zero because revenues are recognized only as related expenditures occur (deferral method of accounting). If expenditures for a program within the special purpose fund exceed available revenues, the resulting deficit is transferred to the operating fund, reducing accumulated operating surplus.</p>
<p>Capital Fund</p> <p>2023 Capital Funding Received: \$4.1 million</p> <p>2023 Capital Assets Purchased: \$6.9 million</p>	<p>The capital fund reports investment in and financing activities related to capital assets. Capital contributions (funding) from the Province are accounted for using the deferral method of accounting, whereby recognition of revenue is spread out over the life of the related capital assets to match with amortization expense, which reflects the use of the asset over its life. This means capital fund revenues are not a reflection of funding actually received in a given year, and annual surplus (deficit) in the capital fund is not a meaningful indicator of annual financial performance.</p>

FINANCIAL HIGHLIGHTS

As reported in the consolidated statement of operations (statement 2), for the year ended June 30, 2023 the district's expenses exceeded its revenue resulting in an annual deficit of \$346,161 (2022 result was an annual deficit of \$3,498,631). This was comprised of the combined financial results of the operating fund and the capital fund as follows:

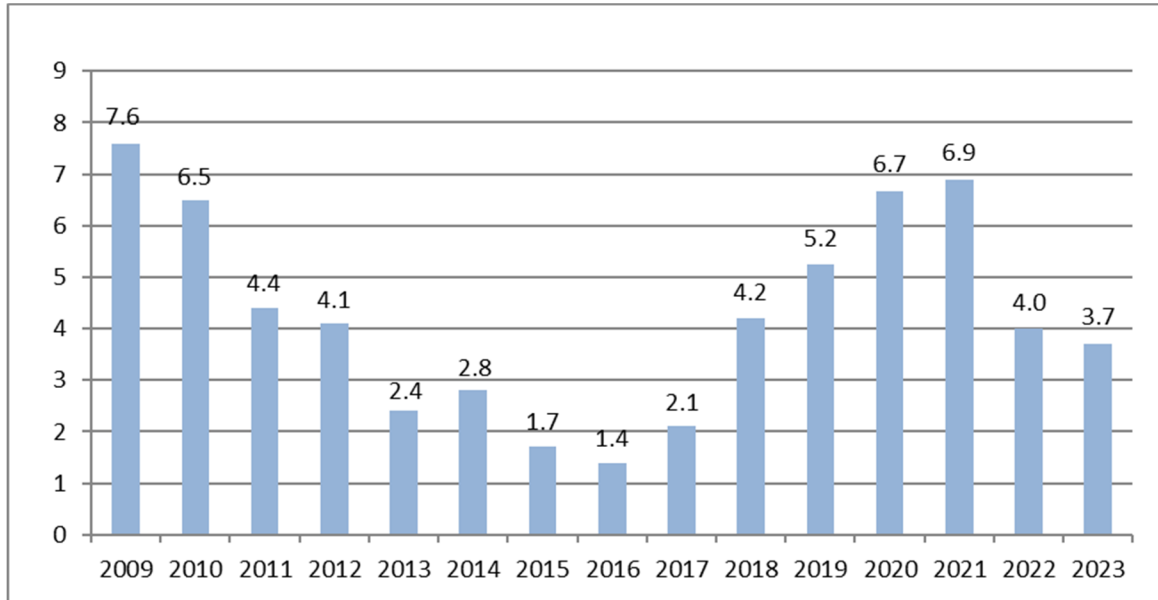
Annual Surplus (Deficit)	June 30, 2023	June 30, 2022
Operating Fund	(335,514)	(2,921,751)
Capital Fund	(10,647)	(576,880)
Combined	(346,161)	(3,498,631)

In the operating fund, the annual deficit of \$335,514 resulted in accumulated operating surplus decreasing from \$3,994,957 at the beginning of the year to \$3,659,443 as at June 30, 2023.

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For the Year Ended June 30, 2023

Overall, this is consistent with the forecasted results reported at the end of May 2023. Note that this operating deficit reflects \$0.5 million in one-time expenditures from the allocation of contingency reserve to fund the replacement of district phone systems (i.e. without these expenditures the district would have experienced a small operating surplus).

Exhibit 1: Closing Accumulated Surplus (\$ million) by Fiscal Year

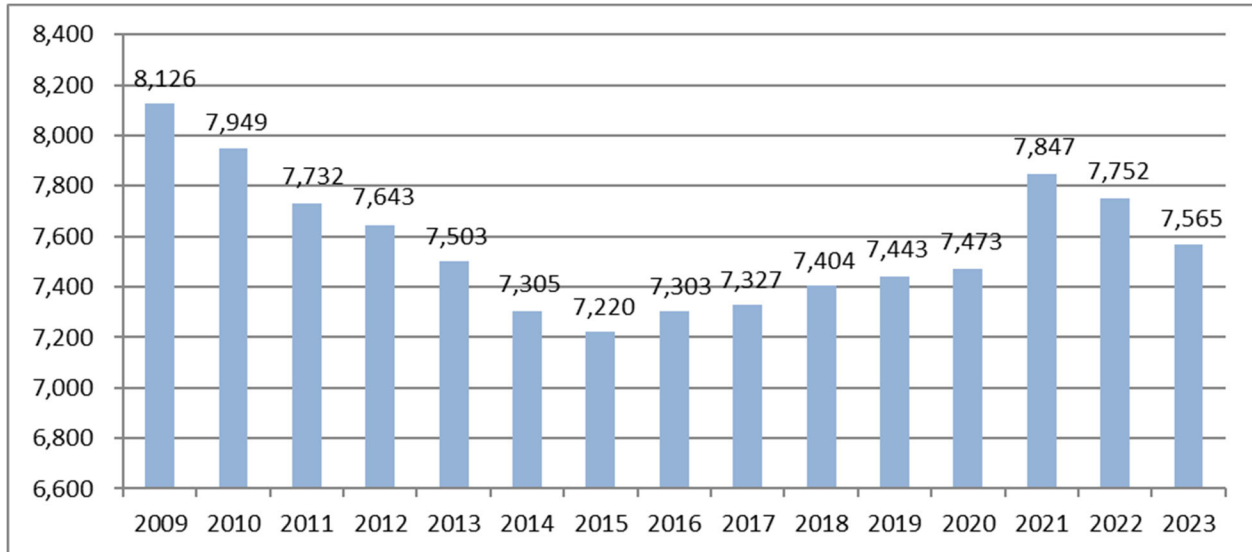


Provincial operating grants, which comprise approximately 87% of total operating fund revenues, are determined largely based on student enrolment. In BC, funding increases or decreases with enrolment to a greater degree than program costs vary with enrolment. This means that when enrolment declines financial pressure results, and when enrolment grows there is generally increased financial flexibility. As shown in exhibits 1 and 2, there is a correlation between periods of enrolment decline and depletion of accumulated surplus, which is a key indicator of financial pressure.

In 2020/21 the district experienced net enrolment growth attributable to the pandemic. This consisted of significant enrolment growth at SIDES (online learning) driven mostly by students enrolling from outside the school district, partially offset by pandemic related enrolment declines in neighbourhood schools. In 2021/22 and 2022/23, enrolment declined overall as enrolment in SIDES and neighbourhood schools have trended closer to “pre-pandemic” levels. Over the next decade, the district is forecasting modest enrolment growth averaging about 1% per year.

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Financial Statement Discussion & Analysis
For the Year Ended June 30, 2023

Exhibit 2: Funded FTE Enrolment by Fiscal Year



Capital Investment

During the year ended June 30, 2023, the district invested \$6.9 million in capital additions that were funded by: Provincial capital funding (\$5.2 million), the operating fund (\$1.6 million), and the other capital contributions (\$0.1 million). Capital additions during the year included the following projects:

Project	Total Project Budget	Invested in 2022/23	Completion Date
ŠEŠIŠEJ Childcare Centre	\$3.6m	\$2.0m	Fall 2023
Computer Hardware Upgrades	\$1.2m	\$1.2m	Ongoing
Deep Cove Heating System Upgrade	\$2.1m	\$1.0m	Fall 2023
Prospect Lake Parking Lot Expansion	\$0.6m	\$0.6m	Spring 2023
Parkland Roof Upgrades	\$1.0m	\$0.5m	Summer 2023
Parkland Track	\$0.6m	\$0.4m	Summer 2023
Brentwood Heating System Upgrade	\$0.3m	\$0.3m	Fall 2023
Brentwood Playground Equipment	\$0.2m	\$0.2m	Spring 2023

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For the Year Ended June 30, 2023

2022/23 Significant Financial Events

- **Enrolment and Funding** – While 2022/23 on-line learning enrolment remained above “pre-pandemic” levels, it has continued to decrease relative to the 2020/21 school year (when enrolment peaked during the pandemic) as many students return to traditional in-person instruction. As most on-line learning students enroll from outside of the school district, this has resulted in overall enrolment decline during the past two fiscal years as shown in Exhibit 2.
- **International Program Enrolment and Revenues** – The reduced availability of homestay families continues to constrain recovery of international program enrolment below “pre-pandemic” levels (i.e. 320 to 330 FTE). Enrolment during the 2022/23 school year was 256 FTE, and the preliminary budget for 2023/24 reflects forecasted enrolment of 250 FTE. Recruitment of homestay families is a program focus to support the continued recovery of international program enrolment and revenues.
- **Inflationary Cost Pressures** – In 2022/23 the school district experienced growing budget pressures including continued escalation of sick and emergency leave usage and inflationary cost pressures for equipment, services, and supplies. These inflationary costs are putting financial pressure on future budgets and are reducing the purchasing power of existing school and program budgets. The impact on the district technology plan (RefreshED) is particularly concerning as implementation of the plan is no longer possible without either additional funding or a significant reduction in the planned future deployment of technology.

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For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT

In this section, actual results are compared to the prior year and budget (where applicable) in more detail. For the statement of operations, the analysis is performed separately for each of the three funds.

Statement of Financial Position (All Funds)

The table below includes explanations for significant variances in the statement of financial position (statement 1) relative to the prior year.

	2023	2022	Analysis of Variance
Construction Security Deposit	587,929	87,100	In 2023, the district was required to provide a security deposit to District of Central Saanich for the value of required municipal upgrades associated with the construction of the ŠEŠÍŠEJ Childcare Centre. The prior year balance was a similar security deposit with the District of Saanich for a different project.
Accounts Payable and Accrued Liabilities - Other	10,212,568	9,142,040	This increase is primarily due to an increase in salaries and benefits payable, attributable to salary/wage increases and the timing of pay periods relative to year-end.
Unearned Revenue	5,764,611	5,055,707	Increased by \$0.7 million due to increased international program tuition rates and enrolment in 2023/24 relative to 2022/23.
Deferred Capital Revenue	118,349,608	119,585,324	Decreased by \$1.2 million due amortization of deferred capital revenue (\$5.3m), offset by capital revenue received (\$4.1m).
Tangible Capital Assets	144,083,042	144,363,384	Decreased by \$0.3 million due amortization of capital assets (\$7.2m), offset by capital investment (\$6.9m).

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For the Year Ended June 30, 2023

Statement of Operations by Fund – Operating Fund

	Amended Budget 2022/23	Actual 2022/23	Actual 2021/22	Actual 2020/21
Revenues ²	88,615,703	89,530,761	84,698,127	81,844,847
Expenses and fund transfers	<u>89,612,219</u>	<u>89,866,275</u>	87,619,878	81,606,207
Annual Operating Surplus (Deficit)	(996,516)	(335,514)	(2,921,751)	238,630
Opening Accumulated Surplus		<u>3,994,957</u>	6,916,708	6,678,078
Closing Accumulated Surplus		3,659,443	3,994,957	6,916,708

The 2022/23 Amended Budget included as a source of funding appropriation of \$996,516 for district and school program carry-forwards, resulting in a budgeted deficit in the same amount.

Detailed information on the operating fund is presented in schedules 2 to 2C following the notes to the financial statements. Revenues, expenditures and accumulated operating surplus are analysed in greater detail in the next section.

² The Ministry of Education and Childcare directed the school district to budget an estimate of the funding for collective agreement settlement costs as appropriation of accumulated surplus in the 2022/23 Amended Budget, as confirmation of funding was pending at the time. This estimate of \$3,177,721 is presented instead as grant revenues in this document to facilitate meaningful comparison with how the grants were reported in the 2022/23 financial statements.

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Financial Statement Discussion & Analysis
For the Year Ended June 30, 2023

Operating Fund Revenues

A high level summary of operating fund revenues is presented below and explanations of significant variances follows. A more detailed presentation of operating revenues is presented in schedule 2A following the notes to the financial statements.

	Amended Budget 2022/23	Actual 2022/23	Amended Budget 2021/22	Actual 2021/22
Grant Revenue	77,419,501	77,696,447	74,240,072	74,828,557
Tuition Revenue (International Program)	4,048,515	4,193,697	3,507,675	3,708,763
Other Revenue	6,277,687	6,442,309	5,639,840	5,574,297
Rentals and Leases	390,000	415,440	390,000	380,542
Investment Income	480,000	782,868	200,000	205,968
Total Revenues	88,615,703	89,530,761	83,977,587	84,698,127

Grant Revenues:

Budgeted grant revenues in 2022/23 increased by \$3.2 million relative to the 2021/22 budget due primarily to additional budgeted grant revenues (\$3.2 million) for collective agreement settlement costs. While there was also decline in 22/23 enrolment based funding, this was offset by increased supplemental funding for enrolment decline and growth in funding for unique needs.

Actual 2022/23 grant revenues exceeded 2022/23 budget by \$0.3 million due to more enrolment being funded by the ministry and less by First Nations (this is a reclassification of funding that results in a corresponding negative variance in other revenues – see below).

Tuition Revenues:

Budgeted tuition revenues in 2022/23 increased by \$0.5 million relative to the 2021/22 budget reflecting increased tuition fee rates and increase budgeted enrolment (from 225 FTE to 250 FTE).

Actual 2022/23 grant revenues exceeded 2022/23 budget \$0.15 million as enrolment exceeded budget (256 FTE vs budget of 250 FTE).

Other Revenues:

Budgeted other revenues in 2022/23 increased by \$0.6 million relative to the 2021/22 budget due primarily to the international student homestay fees budget increasing by \$0.3 million (increased enrolment), and a \$0.3 million increase to budgeted funding from First Nations.

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For the Year Ended June 30, 2023

Actual other revenues in 2022/23 exceeded budget by \$0.2 million due to higher misc. and school generated revenues (\$0.5 million higher) partially offset by lower funding from First Nations relative to budget (\$0.3 million lower).

Operating Fund Expenses

Expenses in the financial statements are presented both by object (category of expense) and by function (program). Operating fund expenses are presented below using each method with explanations of significant variances following. A more detailed presentation of operating expenses is presented in schedules 2B and 2C following the notes to the financial statements.

Analysis of Variances by Object

Operating Fund Expenditure by Object	Amended Budget 2022/23	Actual 2022/23	Amended Budget 2021/22	Actual 2021/22
Salaries				
Teachers	33,619,707	34,010,766	34,870,563	35,576,010
Principals and Vice Principals	4,906,441	4,782,113	4,727,020	4,636,514
Education Assistants	6,230,650	5,802,868	5,722,047	5,214,769
Support Staff	8,917,970	8,494,814	9,290,257	8,463,733
Other Professionals	3,333,828	3,342,948	3,169,536	3,151,514
Substitutes	3,778,550	4,336,063	2,981,485	3,919,473
Total Salaries	60,787,146	60,769,572	60,760,908	60,962,013
Employee Benefits	15,477,935	16,021,019	15,299,160	15,168,799
Total Salaries and Benefits	76,265,081	76,790,591	76,060,068	76,130,812
Service and Supplies expense	12,387,138	11,316,999	11,197,393	10,343,995
Fund transfers (schedule 2)	960,000	1,758,685	1,052,218	1,145,071
Total Service and Supplies and fund transfers	13,347,138	13,075,684	12,249,611	11,489,066
Total Operating Expenditure	89,612,219	89,866,275	88,309,679	87,619,878

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2023

Salaries – Teachers

Budgeted teacher salary expense in 2022/23 was \$1.3 million lower than budgeted expense in 2021/22 due to:

- Enrolment based staffing reductions - \$0.6 million decrease
- Staffing reductions to balance 22/23 budget - \$0.4 million decrease
- Reallocation of staffing cost to the Classroom Enhancement Fund (CEF) - \$1.6 million decrease
- Wage increases (collective agreement) - \$1.3 million increase.

Actual teacher salary cost in 2022/23 exceeded budget by \$0.4 million because average teacher cost exceeded budget (increase category changes from more teachers obtaining their masters degrees was a contributing factor), and because two teachers were appointed to interim administrator positions during the year (their teacher salaries and the teachers backfilling their positions were coded to teacher salaries).

The district is funded for 79.7 teacher full-time equivalent (FTE) positions through the Classroom Enhancement Fund (CEF) (was 60.7 FTE in 2021/22) for the restoration of class size and composition language. The CEF and related costs are reported in the special purpose fund and are not reflected in the operating fund figures reported above.

Salaries – Principals and Vice Principals (PVP)

Budgeted PVP salary expense in 2022/23 was higher than 2021/22 budgeted expense by \$0.2 million primarily due to inflationary salary increases.

Actual 2022/23 expense was below budget by \$0.1 million primarily because a portion of salary for temporary VP assignments was coded to the teacher salary budget.

Salaries – Education Assistants (EA)

Budgeted Education Assistant salary expense in 2022/23 was higher than 2021/22 budgeted expense by \$0.5 million primarily due to inflationary salary increases (\$0.25m) and increased position budget (\$0.25 million).

In 2022/23 actual expense was below budget by \$0.4 million primarily due to hiring lag for vacant positions and unpaid leaves.

Salaries – Support Staff

Budgeted Support Staff salary expense in 2022/23 was lower than 2021/22 budgeted expense by \$0.3 million primarily due to a \$0.7 million decrease resulting from a change in the financial statement presentation of cost recovery of staff cost allocated to capital projects, and partially offset by a \$0.4 million increase for wage increases.

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2023

In 2022/23 actual expense was below budget by \$0.4 million due primarily to hiring lag for vacant positions and unpaid leaves.

Salaries – Other Professionals

Budgeted other professional salary expense in 2022/23 increased relative to 2021/22 budgeted expense by \$0.2 million due to inflationary wage increases. Actual expense in 2022/23 was consistent with budget.

Salaries –Substitutes

Budgeted substitute salary expense in 2022/23 increased relative to 2021/22 budgeted expense by \$0.8 million including \$0.1 million for inflationary wage increases, and \$0.7 million to reflect the increased usage of sick and emergency leave experienced in the prior year. In the prior year (2021/22) actual substitute salary cost exceeded budget by \$0.9 million.

Actual expense in 2022/23 exceeded budget by \$0.6 million, and exceeded prior year expense (2021/22) by \$0.4 million. This significant negative variance relative to budget and prior year is attributable to continued escalation of sick and emergency leave usage.

Employee Benefits

Budgeted employee benefits expense in 2022/23 increased relative to 2021/22 budgeted expense by \$0.2 million due primarily to wage increases, partially offset by reallocation of \$0.4 million from the operating fund to the special purpose fund relating to the increased funding of teacher positions through the Classroom Enhancement Fund (CEF).

Actual expense in 2022/23 exceeded budget by \$0.5 million due to increased usage of benefit programs (medical, dental, EFAP).

Total Service and Supplies and Fund Transfers

For the purpose of this analysis, fund transfers are combined with service and supply expense because fund transfers relate primarily to the purchase of capital assets from service and supply budgets in the operating fund.

It is expected that actual service and supply expenditures will be less than budget as most surplus carry-forward balances are reflected as service and supply expenditure in the budget and are not fully spent.

Budgeted expense in 2022/23 was \$1.1 million higher than budgeted expense in 2021/22. The primary reasons were higher homestay costs by \$0.3 million (increased enrolment), and because supply budget increased by \$0.7 million from the change in financial statement presentation of

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2023

cost recovery of staff cost allocated to capital projects (see budget variance explanation above for support staff).

Actual expense in 2022/23 was below budget by \$0.3 million primarily due to the impact of unspent budget related to carry-forward balances of \$0.8 million, partially offset by additional expenditure of \$500,000 to replace district phone systems (approved following adoption of the amended budget and expensed before year-end).

Analysis of Variances by Function

Operating Fund Expenditure by Function	Amended Budget 2022/23	Actual 2022/23	Amended Budget 2021/22	Actual 2021/22
Instruction	73,700,164	73,776,687	72,844,921	72,922,289
District Administration	3,526,204	3,413,180	3,371,562	2,973,649
Operations and Maintenance	9,767,530	9,217,468	9,538,764	9,025,217
Transportation	1,658,321	1,700,255	1,502,214	1,553,652
Fund transfer	960,000	1,758,685	1,052,218	1,145,071
Total	89,612,219	89,866,275	88,309,679	87,619,878

Instruction – 2022/23 budgeted expenditures exceed 2021/22 budgeted expenditures by \$0.85 million. This increase was primarily attributable to wage and benefit cost increases (\$2.8 million increase), offset by increased allocation of costs to the Classroom Enhancement Fund (\$2.0 million decrease). While the number of Teacher positions also decreased (with lower enrolment), the budget impact was offset by growth in Education Assistant positions and growth in Substitute budget (attributable to continued escalation of sick and emergency leave usage).

In 2022/23 actual cost exceeded budget by under \$0.1 million for a variety of reasons identified in the analysis of expenditure variances by object above.

District Administration – 2022/23 budgeted expenditures exceed 2021/22 budgeted expenditures by \$0.15 million attributable primarily to salary inflation. In 2022/23 actual costs were \$0.1 million below budget primarily due to underspend of service and supply budgets.

Operations and Maintenance and Fund Transfer – 2022/23 budgeted expenditures exceed 2021/22 budgeted expenditures by \$0.2 million attributable primarily to salary inflation (\$0.3 million), partially offset by the reduction of one position.

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2023

When Operations and Maintenance expense is combined with fund transfers, expenditure was \$0.2 million above budget; however, actual results includes a \$0.5 million expenditure to replace district phone systems which was not reflected in the amended budget (approved subsequent to budget adoption).

Transportation – 2022/23 budgeted expenditures exceed 2021/22 budgeted expenditures by \$0.15 million attributable inflation in fuel, supplies and wages. Actual expense exceeded budget by \$0.05 million due to supply and fuel cost inflation.

Accumulated Operating Surplus

Understanding the components of accumulated operating surplus is necessary for knowing how much of the balance relates to multi-year funding of programs (surplus carry-forwards) and how much of the balance is available to reduce financial risk associated with unforeseen expenditures or to fund additional expenditures in the future. The components of closing accumulated surplus are presented in the table below:

	2022/23 Financial Statements	2022/23 Amended Budget	2021/22 Financial Statements
School Activities (multi-year funding)	252,928	403,932	403,932
District Activities (multi-year funding)	522,701	592,584	592,584
Appropriated for Budget in Following Year	1,384,307	-	2,530,968
Total Internally Restricted	2,159,936	996,516	3,527,484
Contingency Reserve (Unappropriated Surplus)	1,499,507	2,998,441	467,473
Total Accumulated Surplus	3,659,443	3,994,957	3,994,957

The right column in the above table shows how accumulated surplus was restricted in the prior year (2021/22) financial statements, and the middle column shows how this prior year accumulated surplus was then allocated in the 2022/23 amended budget adopted by the Board in February 2022. The reduction in the appropriation of accumulated surplus and corresponding increase to the contingency reserve in the 2022/23 amended budget resulted from increased funding for teacher positions through the Classroom Enhancement Fund (CEF), which effectively transferred expenditure budget to the special purpose fund (discussed in next section).

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2023

During the year ended June 30, 2023 accumulated operating surplus declined from \$3,994,957 at the beginning of the year to \$3,659,443 at the end of the year. The left column shows that \$1,384,307 of this balance has been allocated to fund continuing expenditures in the 2023/24 Preliminary Budget, \$775,629 is allocated to multi-year funding of district and school programs, and \$1,499,507 is allocated to contingency reserve.

Appropriation of \$1,384,307 in accumulated operating surplus to balance the 2023/24 budget (2022/23 budget appropriation was \$0) in the absence of a trend of growing accumulated surplus is an indicator that budgetary balance is not sustainable, and measures are likely necessary to improve fiscal balance in future budgets.

Statement of Operations by Fund – Special Purpose Fund

	Amended Budget 2022/23	Actual 2022/23	Amended Budget 2021/22	Actual 2021/22
Provincial Grants	13,322,083	13,344,812	10,495,170	10,717,370
Other Revenues	2,985,000	3,723,766	1,744,500	2,791,565
Expenditures	(16,307,083)	(17,004,997)	(12,239,670)	(13,508,935)
Fund transfers	-	(63,581)	-	-
Annual Surplus (Deficit)	-	-	-	-

2022/23 Budgeted grant revenues in the special purpose fund increased by \$2.8 million relative to 2021/22 budgeted revenues primarily due to: additional teaching positions funded through CEF (\$2.0 million), funding for wage inflation (\$0.5 million), and a number of smaller factors.

Actual 2022/23 Provincial Grants were close to budget. Other revenues in 2022/23 exceeded budget by \$0.7 million due to school-based revenues exceeding budget by \$0.5 million, and a number of other smaller factors.

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2023

Statement of Operations by Fund – Capital Fund

	Amended Budget 2022/23	Actual 2022/23	Amended Budget 2021/22	Actual 2021/22
Revenues	4,812,120	5,324,743	5,014,611	5,139,040
Expenses	(6,981,468)	(7,157,656)	(6,718,052)	(6,860,991)
Fund Transfers (capital assets purchased in other funds)	<u>960,000</u>	<u>1,822,266</u>	<u>1,052,218</u>	<u>1,145,071</u>
Change in Accumulated Surplus	(1,209,348)	(10,647)	(651,223)	(576,880)
Prior Period Adjustment				<u>(12,688,641)</u>
Opening Accumulated Surplus		<u>13,709,860</u>		<u>26,975,381</u>
Closing Accumulated Surplus		13,699,213		13,709,860

It is expected that revenues and expenses in the capital fund will be predictable and consistent, as they reflect the recognition of capital funding (as revenue) and the usage of capital assets over their life (as amortization expense).

The 2022/23 financial statements reflect a prior period adjustment to implement new standards relating to asset retirement obligations. This adjustment reduced opening accumulated surplus in the capital fund by \$12,688,641. A description of this adjustment is found in note 23 of the financial statements.

During the year ended June 30, 2022, the district invested \$6.9 million in capital additions. Further details are presented in the Financial Highlights section.

Within the capital fund the following two balances are important as they represent funds available for future capital investment:

- Local Capital Reserve – this balance forms part of accumulated surplus in the capital fund and represents funds available for future investment in capital assets. In Saanich, these funds are generated primarily from allocation of lease revenues designated for future asset renewal.
- MEd Restricted Capital – this balance forms part of the deferred capital revenue balance in the capital fund and represents funds available for investment in capital assets at the discretion of the Ministry of Education and Childcare. These funds are generated primarily from capital project savings.

Saanich School District
Financial Statement Discussion & Analysis
For the Year Ended June 30, 2023

The table below presents the June 30, 2023 closing balances in Local Capital and MEd Restricted Capital and what portion of the balances remains uncommitted for future capital investment.

	Local Capital	MEd Restricted Capital
Balance at June 30, 2023	477,625	167,442
Committed for future investment	477,625	-
Uncommitted Balance	-	167,442

The local capital balance consists of the accumulated allocation of lease revenues for the future renewal of leased space. The MEd Restricted Capital balance has not been committed to a project at this time.

Detailed information on the capital fund is presented in schedules 4 to 4D following the notes to the financial statements.

CONTACTING THE SCHOOL DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District’s stakeholders with a general overview of the School District’s finances and to demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Office of the Secretary Treasurer at 250-652-7332.

Audited Financial Statements of

School District No. 63 (Saanich)

And Independent Auditors' Report thereon

June 30, 2023

School District No. 63 (Saanich)

June 30, 2023

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School District No. 63 (Saanich)

Statement of Financial Position

As at June 30, 2023

	2023 Actual	2022 Actual (Restated - Note 23)
	\$	\$
Financial Assets		
Cash and Cash Equivalents	22,012,831	21,801,778
Accounts Receivable		
Due from Province - Ministry of Education and Child Care	676,380	757,785
Due from Province - Other	65,019	-
Due from First Nations	877,020	993,555
Other (Note 3)	1,681,035	1,680,240
Portfolio Investments (Note 4)	211,584	208,765
Construction Security Deposit (Note 5)	587,929	87,100
Total Financial Assets	26,111,798	25,529,223
Liabilities		
Accounts Payable and Accrued Liabilities		
Due to Province - Ministry of Education and Child Care	12,720	-
Other (Note 6)	10,212,568	9,142,040
Unearned Revenue (Note 7)	5,764,611	5,055,707
Deferred Revenue (Note 8)	2,149,937	2,023,392
Deferred Capital Revenue (Note 9)	118,349,608	119,585,324
Employee Future Benefits (Note 10)	4,080,077	4,061,261
Asset Retirement Obligation (Note 11)	12,688,641	12,688,641
Total Liabilities	153,258,162	152,556,365
Net Debt	(127,146,364)	(127,027,142)
Non-Financial Assets		
Tangible Capital Assets (Note 12)	144,083,042	144,363,384
Prepaid Expenses	421,978	368,575
Total Non-Financial Assets	144,505,020	144,731,959
Accumulated Surplus (Deficit) (Note 13)	17,358,656	17,704,817
Accumulated Surplus (Deficit) is comprised of:		
Accumulated Surplus (Deficit) from Operations	17,358,656	17,704,817
Accumulated Remeasurement Gains (Losses)	-	-
	17,358,656	17,704,817
Contractual Obligations (Note 14)		
Contractual Rights (Note 15)		
Contingent Liabilities (Note 16)		

Approved by the Board

Signature of the Chairperson of the Board of Education

Date Signed

Signature of the Superintendent

Date Signed

Signature of the Secretary Treasurer

Date Signed

School District No. 63 (Saanich)

Statement of Operations
Year Ended June 30, 2023

	2023 Budget (Note 17) \$	2023 Actual \$	2022 Actual (Restated - Note 23) \$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	87,510,103	90,859,714	85,322,825
Other	53,760	181,545	183,610
Federal Grants			39,492
Tuition	4,048,515	4,193,697	3,708,763
Other Revenue	9,262,687	10,161,076	8,365,862
Rentals and Leases	390,000	415,440	380,542
Investment Income	487,120	791,767	208,900
Amortization of Deferred Capital Revenue	4,805,000	5,320,843	5,136,108
Total Revenue	<u>106,557,185</u>	<u>111,924,082</u>	<u>103,346,102</u>
Expenses (Note 18)			
Instruction	89,265,357	90,184,042	85,552,617
District Administration	3,612,839	3,499,815	3,060,284
Operations and Maintenance	16,994,277	16,780,996	16,470,791
Transportation and Housing	2,068,297	1,805,390	1,761,041
Total Expense	<u>111,940,770</u>	<u>112,270,243</u>	<u>106,844,733</u>
Surplus (Deficit) for the year	<u>(5,383,585)</u>	<u>(346,161)</u>	<u>(3,498,631)</u>
Accumulated Surplus (Deficit) from Operations, beginning of year		17,704,817	21,203,448
Accumulated Surplus (Deficit) from Operations, end of year		<u><u>17,358,656</u></u>	<u>17,704,817</u>

School District No. 63 (Saanich)

Statement of Changes in Net Debt

Year Ended June 30, 2023

	2023 Budget (Note 17) \$	2023 Actual \$	2022 Actual (Restated - Note 23) \$
Surplus (Deficit) for the year	(5,383,585)	(346,161)	(3,498,631)
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(850,000)	(6,877,314)	(5,126,726)
Amortization of Tangible Capital Assets	6,981,468	7,157,656	6,860,991
Prior Period Adjustment - Adoption of Asset Retirement Obligations			(12,688,641)
Total Effect of change in Tangible Capital Assets	6,131,468	280,342	(10,954,376)
Acquisition of Prepaid Expenses		(421,978)	(368,575)
Use of Prepaid Expenses		368,575	304,713
Total Effect of change in Other Non-Financial Assets	-	(53,403)	(63,862)
(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)	<u>747,883</u>	(119,222)	(14,516,869)
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Debt		(119,222)	(14,516,869)
Net Debt, beginning of year		(127,027,142)	(112,510,273)
Net Debt, end of year		<u>(127,146,364)</u>	<u>(127,027,142)</u>

School District No. 63 (Saanich)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2023

	2023 Actual	2022 Actual
		(Restated - Note 23)
	\$	\$
Operating Transactions		
Surplus (Deficit) for the year	(346,161)	(3,498,631)
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	132,126	302,112
Prepaid Expenses	(53,403)	(63,862)
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	1,083,248	99,855
Unearned Revenue	708,904	860,793
Deferred Revenue	126,545	161,797
Employee Future Benefits	18,816	(26,852)
Amortization of Tangible Capital Assets	7,157,656	6,860,991
Amortization of Deferred Capital Revenue	(5,320,843)	(5,136,108)
Construction Works Deposit	(500,829)	334,200
Total Operating Transactions	<u>3,006,059</u>	<u>(105,705)</u>
Capital Transactions		
Tangible Capital Assets Purchased	(2,889,926)	(1,664,436)
Tangible Capital Assets -WIP Purchased	(3,987,388)	(3,462,290)
Total Capital Transactions	<u>(6,877,314)</u>	<u>(5,126,726)</u>
Financing Transactions		
Capital Revenue Received	4,085,127	5,263,875
Total Financing Transactions	<u>4,085,127</u>	<u>5,263,875</u>
Investing Transactions		
Proceeds on Disposal of Portfolio Investments	(2,819)	(5,856)
Total Investing Transactions	<u>(2,819)</u>	<u>(5,856)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	211,053	25,588
Cash and Cash Equivalents, beginning of year	<u>21,801,778</u>	<u>21,776,190</u>
Cash and Cash Equivalents, end of year	<u>22,012,831</u>	<u>21,801,778</u>
Cash and Cash Equivalents, end of year, is made up of:		
Cash	11,498,886	6,316,765
Cash Equivalents	10,513,945	15,485,013
	<u>22,012,831</u>	<u>21,801,778</u>

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 1 AUTHORITY AND PURPOSE

The school district operates under authority of the *School Act* of British Columbia as a corporation under the name of "The Board of Education of School District No. 63 (Saanich)", and operates as "School District No. 63 (Saanich)". A board of education ("Board") is elected for a four-year term and governs the school district. The school district provides educational programs to students enrolled in schools in the district, and is principally funded by the Province of British Columbia through the Ministry of Education and Child Care. School District No. 63 (Saanich) is exempt from federal and provincial corporate income taxes.

The COVID 19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant financial, market and social dislocating impact worldwide. Under direction of the Provincial Health Officer, all schools suspended in-class instruction in March 2020 and the school district remained open to continue to support students and families in a variety of ways. Parents were given the choice to send their children back to school on a gradual and part-time basis beginning June 1, 2020 and full-time beginning September 1, 2020 with new health and safety guidelines. The ongoing impact of the pandemic presents uncertainty over future cash flows, may have a significant impact on future operations including decreases in revenue, impairment of receivables, reduction in investment income and delays in completing capital project work. As the situation is dynamic and the ultimate duration and magnitude of the impact are not known, an estimate of the future financial effect on the school district is not practicable at this time.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the school district are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the school district are as follows:

a) Basis of Accounting

These financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as set out in Notes 2(f) and 2(m).

In November, 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the school district before or after this regulation was in effect.

As noted in notes 2(f) and 2(m), Section 23.1 of the *Budget Transparency and Accountability Act* and its related regulations require the school district to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense.

As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of Accounting (continued)

As a result, revenue recognized in the statement of operations and certain related deferred capital revenue would be recorded differently under Canadian Public Sector Accounting Standards.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid securities that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These cash equivalents generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

c) Accounts Receivable

Accounts receivable are measured at amortized cost and shown net of allowance for doubtful accounts.

d) Portfolio Investments

The school district has investments in Guaranteed Investment Certificates (GICs) with terms to maturity of greater than one year. GICs are reported at cost.

e) Unearned Revenue

Unearned revenue includes tuition fees received for courses to be delivered in future periods and receipt of proceeds for services or products to be delivered in a future period. Revenue will be recognized in that future period when the courses, services, or products are provided.

f) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 2 (m).

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the statement of operations.

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Deferred Revenue and Deferred Capital Revenue (continued)

This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards, which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized as revenue over the period that the liability is extinguished.

g) Employee Future Benefits

The school district provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements.

The school district accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing. The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2022 and projected to March 31, 2025. The next valuation will be performed at March 31, 2025 for use at June 30, 2025. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

The school district and its employees make contributions to the Teachers' Pension Plan and Municipal Pension Plan. The plans are multi-employer plans where assets and obligations are not separated. The costs are expensed as incurred.

h) Asset Retirement Obligations

A liability is recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

The liability for the removal of asbestos and other hazardous material in several of the buildings owned by the School District has been initially recognized using the modified retroactive method. The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. The resulting costs have been capitalized into the carrying amount of tangible capital assets and are being amortized on the same basis as the related tangible capital asset (see note 2 j). Assumptions used in the calculations are reviewed annually.

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the school district:
 - is directly responsible; or
 - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

j) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the school district to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- Works of art, historic assets and other intangible assets are not recorded as assets in these financial statements.
- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. Work in progress is not amortized until available for productive use. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Tangible Capital Assets (continued)

regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

Buildings	40 years
Furniture & Equipment	10 years
Vehicles	10 years
Computer Software	5 years
Computer Hardware	5 years

k) Prepaid Expenses

Amounts for insurance and other services are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

l) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved (see Note 13 – Accumulated Surplus).

m) Revenue Recognition

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

Contributions received or where eligibility criteria have been met are recognized as revenue except where the contribution meets the criteria for deferral as described below. Eligibility criteria are the criteria that the school district has to meet in order to receive the contributions including authorization by the transferring government.

For contributions subject to a legislative or contractual stipulation or restriction as to their use, revenue is recognized as follows:

- Non-capital contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the year related expenses are incurred,
- Contributions restricted for site acquisitions are recorded as revenue when the sites are purchased, and
- Contributions restricted for tangible capital assets acquisitions other than sites are recorded as deferred capital revenue and amortized over the useful life of the related assets.

Donated tangible capital assets other than sites are recorded at fair market value and amortized over the useful life of the assets. Donated sites are recorded as revenue at fair market value when received or receivable.

The accounting treatment for restricted contributions that are government transfers is not consistent with the requirements of Canadian public sector accounting standards, which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Revenue Recognition (continued)

unless the transfer contains a stipulation that meets the criteria for liability recognition in which case the transfer is recognized as revenue over the period that the liability is extinguished.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Investment income is reported in the period earned. When required by the funding party or related Act, investment income earned on deferred revenue is added to the deferred revenue balance.

n) Expenditures

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Categories of Salaries

- Principals and Vice-Principals employed under an administrative officer contract are categorized as Principals and Vice-Principals.
- Superintendents, Assistant Superintendents, Secretary-Treasurers, Directors of Instruction, Trustees and other employees excluded from union contracts are categorized as Other Professionals.

Allocation of Costs

- Operating expenses are reported by function, program, and object. Whenever possible, expenditures are determined by actual identification. Additional costs pertaining to specific instructional programs, such as special and indigenous education, are allocated to these programs. All other costs are allocated to related programs.
- Actual salaries of personnel assigned to two or more functions or programs are allocated based on the time spent in each function and program. School-based clerical salaries are allocated to school administration and partially to other programs to which they may be assigned. Principals and Vice-Principals salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

o) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The school district recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, and accounts payable and accrued liabilities. All financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these instruments

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

o) Financial Instruments (continued)

upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

p) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in Note 2(a) requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the potential impairment of assets, liability for asset retirement obligations, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

q) Future Changes in Accounting Policies

PS 3400 Revenue issued November 2018 establishes standards on how to account for and report on revenue and is effective July 1, 2023. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

Revenue from transactions with performance obligations should be recognized when (or as) the school district satisfies a performance obligation by providing the promised goods or services to a payor.

Revenue from transactions with no performance obligations should be recognized when a school district:

- (a) has the authority to claim or retain an inflow of economic resources; and
- (b) identifies a past transaction or event that gives rise to an asset.

This standard may be applied retroactively or prospectively. Management is in the process of assessing the impact of adopting this standard on the school district's financial results.

r) Comparative Figures

Certain comparative figures presented in the financial statements have been reclassified to conform to the financial statement presentation adopted in the current year and the change in accounting policy referred to in note 23.

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 3 ACCOUNTS RECEIVABLE – OTHER RECEIVABLES

	June 30, 2023	June 30, 2022
	\$	\$
Due from Federal Government	180,336	105,995
Other	100,062	42,913
BCPSEA and PEBT benefit surplus	1,400,637	1,531,332
	1,681,035	1,680,240

NOTE 4 PORTFOLIO INVESTMENTS

	June 30, 2023	June 30, 2022
Investments measured at cost:	\$	\$
GIC's	211,584	208,765

NOTE 5 CONSTRUCTION SECURITY DEPOSIT

The school district has paid construction security deposits as security for performance of various obligations during construction in progress.

	June 30, 2023	June 30, 2022
	\$	\$
District of Saanich	6,680	87,100
District of Central Saanich	581,249	-
	587,929	87,100

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES – OTHER

	June 30, 2023	June 30, 2022
	\$	\$
Trade payables	1,526,541	1,219,357
Salaries and benefits payable	8,180,782	7,430,193
Accrued vacation pay	505,245	492,490
	10,212,568	9,142,040

NOTE 7 UNEARNED REVENUE

	June 30, 2023	June 30, 2022
	\$	\$
Balance, beginning of year	5,055,707	4,194,914
Changes for the year:		
Increase:		
Tuition fees collected	4,646,942	4,247,847
Homestay fees collected	2,621,179	2,534,994
Decrease:	7,268,121	6,782,841
Tuition and other fees recognized as revenue	(4,193,697)	(3,708,763)
Homestay fees recognized as revenue	(2,365,520)	(2,213,285)
Net changes for the year	708,904	860,793
Balance, end of year	5,764,611	5,055,707

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 8 DEFERRED REVENUE

Deferred revenue includes unspent grants and contributions received that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board, i.e., the stipulations associated with those grants and contributions have not yet been fulfilled. Detailed information about the changes in deferred revenue is included in Schedule 3A.

	June 30, 2023	June 30, 2022
	\$	\$
Balance, beginning of year	2,023,392	1,861,595
Changes for the year:		
Increase:		
Provincial Grants	13,474,963	10,801,601
Other	3,715,161	2,890,672
Investment Income	4,999	6,283
	17,195,123	13,698,556
Decrease:		
Transfers to Revenue	(17,068,578)	(13,508,935)
Recovered	-	(27,824)
Net changes for the year	126,545	161,797
Balance, end of year	2,149,937	2,023,392

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 9 DEFERRED CAPITAL REVENUE

Deferred capital revenue includes grants and contributions received that are restricted by the contributor for the acquisition of tangible capital assets that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. Once spent, the contributions are amortized into revenue over the life of the asset acquired. Detailed information about the changes in deferred capital revenue is included in Schedules 4C and 4D.

	June 30, 2023	June 30, 2022
Balance, deferred capital revenue, subject to amortization, beginning of year	\$ 117,452,523	\$ 116,175,381
Changes for the year:		
Increase:		
Capital Additions	1,184,480	628,501
Transfer from work in progress	880,648	5,784,749
Decrease:		
Amortization	(5,320,843)	(5,136,108)
Net changes for the year	(3,255,715)	1,277,142
Balance, deferred capital revenue, subject to amortization, end of year	114,196,808	117,452,523
Balance, deferred capital revenue, not subject to amortization, beginning of year	874,074	3,196,533
Transfer from unspent deferred capital revenue – work in progress	3,987,388	3,462,290
Transfer completed projects to deferred capital revenue	(880,648)	(5,784,749)
Balance, deferred capital revenue not subject to amortization, end of year	3,980,814	874,074

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 9 DEFERRED CAPITAL REVENUE (continued)

Balance, unspent deferred capital revenue, beginning of year	1,258,727	85,643
Changes for the year:		
Increase:		
Provincial Grants, Ministry of Education and Child Care	3,363,265	3,543,925
Provincial Grants, Other	-	1,186,419
Other	149,561	359,512
Investment income	2,100	1,974
Receivable from Ministry of Education and Child Care – COA Draws	48,567	172,045
Receivable from Ministry of Education and Child Care - Daycare	521,634	-
Decrease:		
Transferred to DCR – Capital Additions	(1,184,480)	(628,501)
Transferred to DCR – Work in Progress	(3,987,388)	(3,462,290)
Net changes for the year	<u>(1,086,741)</u>	<u>1,173,084</u>
Balance, unspent deferred capital revenue, end of year	<u>171,986</u>	<u>1,258,727</u>
Balance, end of year	<u>118,349,608</u>	<u>119,585,324</u>

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 10 EMPLOYEE FUTURE BENEFITS

Benefits include vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits. Funding is provided when the benefits are paid and accordingly, there are no plan assets. Although no plan assets are uniquely identified, the school district has provided for the payment of these benefits.

	June 30, 2023	June 30, 2022
Reconciliation of Accrued Benefit Obligation		
	\$	\$
Accrued Benefit Obligation – April 1	4,414,972	4,498,120
Service Cost	336,442	368,344
Interest Cost	146,862	116,935
Benefit Payments	(556,874)	(524,716)
Actuarial Loss	39,228	(43,711)
	4,380,630	4,414,972
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	4,380,630	4,414,972
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	(4,380,630)	(4,414,972)
Employer Contributions After Measurement Date	329,763	284,738
Benefits Expense After Measurement Date	(126,850)	(120,826)
Unamortized Net Actuarial Loss	97,640	189,799
	(4,080,077)	(4,061,261)
Reconciliation of Change in Accrued Benefit Liability		
Accrued Benefit Liability – July 1	4,061,261	4,088,113
Net expense for Fiscal Year	620,714	616,454
Employer Contributions	(601,898)	(643,306)
	4,080,077	4,061,261
Components of Net Benefit Expense		
	\$	\$
Service Cost	328,154	360,369
Interest Cost	181,087	124,417
Amortization of Net Actuarial (Gain)/Loss	75,459	131,669
Net Benefit Expense (Income)	584,700	616,455

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 10 EMPLOYEE FUTURE BENEFITS (continued)

The significant actuarial assumptions adopted for measuring the school district's accrued benefit obligations are:

	June 30, 2023	June 30, 2022
Discount Rate – April 1	3.25%	2.50%
Discount Rate – March 31	4.00%	3.25%
Long Term Salary Growth – April 1	2.50% + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50% + seniority	2.50% + seniority
EARSL – March 31	11.1 years	11.1 years

NOTE 11 ASSET RETIREMENT OBLIGATION

Legal liabilities exist for the removal and disposal of asbestos within some district owned buildings that will undergo major renovations or demolition in the future. A reasonable estimate of the fair value of the obligation has been recognized using the modified retroactive approach as at July 1, 2022 (see Note 23 – Prior Period Adjustment – Change in Accounting Policy). The obligation has been measured at current cost as the timing of future cash flows cannot be reasonably determined. These costs have been capitalized as part of the assets' carrying value and are amortized over the assets' estimated useful lives.

	\$
Asset Retirement Obligation, July 1, 2022 (see Note 23)	12,688,641
Settlements during the year	-
Asset Retirement Obligation, closing balance	12,688,641

NOTE 12 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2023	Net Book Value 2022 (restated see Note 23)
	\$	\$
Sites	6,088,418	6,088,418
Buildings	125,031,774	129,172,178
Buildings - Work in Progress	2,793,079	384,116
Furniture & Equipment	5,804,800	5,524,770
Furniture & Equipment - Work in Progress	1,187,735	489,958
Vehicles	871,411	916,684
Computer Software	6,753	21,213
Computer Hardware	2,299,072	1,766,047
Total	144,083,042	144,363,384

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 12 TANGIBLE CAPITAL ASSETS (continued)

June 30, 2023

Cost:	Opening Cost	Additions	Disposals	Transfers	Total 2023
	\$	\$	\$	\$	\$
Sites	6,088,418	-	-	-	6,088,418
Buildings	240,471,751	905,100	-	349,847	241,726,698
Work in Progress	384,116	2,758,810	-	(349,847)	2,793,079
Furniture & Equipment	8,870,039	645,742	(986,362)	530,801	9,060,220
Work in Progress	489,958	1,228,578	-	(530,801)	1,187,735
Vehicles	1,579,837	118,499	(2,746)	-	1,695,590
Computer Software	98,444	-	(52,285)	-	46,159
Computer Hardware	3,039,001	1,220,585	(422,988)	-	3,836,598
Total	261,021,564	6,877,314	(1,464,381)	-	266,434,497

Accumulated Amortization:	Opening Accumulated Amortization (Restated – Note 23)	Additions	Disposals	Transfers	Total 2023
	\$	\$	\$	\$	\$
Sites	-	-	-	-	-
Buildings	111,299,573	5,395,351	-	-	116,694,924
Furniture & Equipment	3,345,269	896,513	(986,362)	-	3,255,420
Vehicles	663,153	163,772	(2,746)	-	824,179
Computer Software	77,231	14,460	(52,285)	-	39,406
Computer Hardware	1,272,954	687,560	(422,988)	-	1,537,526
Total	116,658,180	7,157,656	(1,464,381)	-	122,351,455

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 12 TANGIBLE CAPITAL ASSETS (continued)

June 30, 2022

Cost:	Opening Cost	ARO (see Note 23)	Additions	Disposals	Transfers	Total 2022
	\$		\$	\$	\$	\$
Sites	6,088,418		-	-	-	6,088,418
Buildings	222,395,624	12,688,641	507,661	-	4,879,825	240,471,751
Work in Progress	3,153,760		2,110,181	-	(4,879,825)	384,116
Furniture & Equipment	8,020,025		377,455	(432,368)	904,927	8,870,039
Work in Progress	42,776		1,352,109	-	(904,927)	489,958
Vehicles	1,668,425		92,447	(181,035)	-	1,579,837
Computer Software	121,484		-	(23,040)	-	98,444
Computer Hardware	2,584,204		686,873	(232,076)	-	3,039,001
Total	244,074,716	12,688,641	5,126,726	(868,519)	-	261,021,564

Accumulated Amortization:	Opening Accumulated Amortization	ARO (see Note 23)	Additions	Disposals	Transfers	Total 2022 (restated – Note 23)
	\$		\$	\$	\$	\$
Sites	-		-	-	-	-
Buildings	93,341,169	12,688,641	5,269,763	-	-	111,299,573
Furniture & Equipment	2,933,136		844,501	(432,368)	-	3,345,269
Vehicles	681,775		162,413	(181,035)	-	663,153
Computer Software	78,278		21,993	(23,040)	-	77,231
Computer Hardware	942,709		562,321	(232,076)	-	1,272,954
Total	97,977,067	12,688,641	6,860,991	(868,519)	-	116,658,180

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 13 ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	June 30, 2023	June 30, 2022 <small>(restated – Note 23)</small>
	\$	\$
Invested in tangible capital assets	13,221,588	13,352,955
Local capital surplus	477,625	356,905
Operating surplus	3,659,443	3,994,957
	17,358,656	17,704,817

Inter-fund transfers between the operating, special purpose and capital funds for the year ended June 30, 2023, were as follows:

- \$1,641,865 was transferred from the operating fund to the capital fund and \$63,581 was transferred from the special purpose fund to the capital fund for the purchase of capital assets.
- \$116,820 was transferred from the operating fund to the local capital fund for future purchases of capital assets.

The operating surplus has been internally restricted (appropriated) by the Board for the 2023/2024 budget.

	<u>June 30, 2023</u>
	\$
School Activities	252,928
District Activities	522,701
Appropriated for 2023/24 Budget	1,384,307
Subtotal Internally Restricted	2,159,936
Unrestricted Operating Surplus	1,499,507
Total Available for Future Operations	3,659,443

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 14 CONTRACTUAL OBLIGATIONS

The school district has entered into contracts related to capital projects with a remaining cost of approximately \$4,249,359.

The following table summarizes other contractual obligations of the school district:

\$						
Contractual Obligations	2024	2025	2026	2027	2028	Thereafter
Various purchase contracts	273,761	284,714	293,956	38,600	41,035	-

NOTE 15 CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The school district's contractual rights arise because of contracts entered into for the license or lease of district facilities. The following table summarizes the contractual rights of the school district for future assets:

\$						
Contractual Rights	2024	2025	2026	2027	2028	Thereafter
Leases of Property	405,126	430,067	416,643	423,737	154,460	706,846

NOTE 16 CONTINGENT LIABILITIES

The school district, in conducting its usual business activities, is involved in various legal claims and litigation. In the event any unsettled claims are successful, management believes that such claims are not expected to have a material effect on the school district's financial position, and accordingly, no provision has been made in these financial statements for any liability that may result. Any losses arising from these actions will be recorded in the year in which the related litigation is settled.

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 17 BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board through the adoption of an amended annual budget bylaw on February 15, 2023. The original annual budget was adopted on June 15, 2022. The original and amended budgets are presented below.

	2023 Amended Annual Budget	2023 Annual Budget
Revenues		
	\$	\$
Provincial Grants	87,563,863	82,160,738
Tuition	4,048,515	4,137,850
Other Revenue	9,262,687	9,142,187
Rentals and Leases	390,000	390,000
Investment Income	487,120	200,000
Amortization of Deferred Capital Revenue	4,805,000	5,000,000
Total Revenue	106,557,185	101,030,775
Expenses		
Instruction	89,265,357	82,506,152
District Administration	3,612,839	3,600,145
Operations and Maintenance	16,994,277	16,579,057
Transportation and Housing	2,068,297	1,854,543
Total Expense	111,940,770	104,539,897
Net Revenue (Expense)	(5,383,585)	(3,509,122)
Budgeted Allocation of Surplus	4,174,237	2,530,968
Budgeted Surplus (Deficit) for the year	(1,209,348)	(978,154)

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 18 EXPENSE BY OBJECT

	June 30, 2023	June 30, 2022
	\$	\$
Salaries and benefits	88,966,754	85,976,663
Services and supplies	16,145,833	14,007,076
Amortization	7,157,656	6,860,994
	112,270,243	106,844,733

NOTE 19 EMPLOYEE PENSION PLANS

The school district and its employees contribute to the Teachers’ Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2022, the Teachers’ Pension Plan has about 51,000 active members and approximately 41,000 retired members. As of December 31, 2022, the Municipal Pension Plan has about 240,000 active members, including approximately 30,000 from school districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary’s calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation of the Teachers’ Pension Plan as at December 31, 2020, indicated a \$1.584 million surplus for basic pension benefits on a going concern basis.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3.761 million funding surplus for basic pension benefits on a going concern basis.

The school district paid \$7,331,367 for employer contributions to the plans for the year ended June 30, 2023 (2022: \$7,130,907).

The next valuation for the Teachers’ Pension Plan will be as at December 31, 2023, with results available in 2024. The next valuation for the Municipal Pension Plan will be as at December 31, 2024, with results available in 2025.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 20 RELATED PARTY TRANSACTIONS

The school district is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Related parties also include key management personnel and close family members. Transactions with these entities, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

NOTE 21 ECONOMIC DEPENDENCE

The operations of the school district are dependent on continued funding from the Ministry of Education and Child Care and various governmental agencies to carry out its programs. These financial statements have been prepared on a going concern basis.

NOTE 22 RISK MANAGEMENT

The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. The Board ensures that the School District has identified its risks and ensures that management monitors and controls them.

a) Credit Risk

Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash and cash equivalents, amounts receivable and investments.

The school district is exposed to credit risk in the event of non-performance by a borrower. This risk is mitigated as most amounts receivable are due from the Province and are collectible.

It is management's opinion that the school district is not exposed to significant credit risk associated with its cash deposits and investments as they are placed in recognized British Columbia institutions and the school district invests solely in guaranteed investment certificates.

b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. It is management's opinion that the school district is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are insignificant.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The school district is exposed to interest rate risk through its investments. It is management's opinion that the school district is not exposed to significant interest

SCHOOL DISTRICT No. 63 (SAANICH)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 22 RISK MANAGEMENT (continued)

b) Market Risk (continued)

rate risk as they invest solely in guaranteed investment certificates that have a maturity date of no more than 3 years.

c) Liquidity Risk

Liquidity risk is the risk that the school district will not be able to meet its financial obligations as they become due.

The school district manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the school district's reputation.

Risk Management and insurance services for all school districts in British Columbia are provided by the Risk Management Branch of the Ministry of Finance. There have been no changes to risk exposure from 2022 related to credit, market or liquidity risks.

NOTE 23 PRIOR PERIOD ADJUSTMENT – CHANGE IN ACCOUNTING POLICY

On July 1, 2022 the School District adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. This new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of certain tangible capital assets such as asbestos removal in buildings that will undergo major renovation or demolition in the future (see Note 11). This standard was adopted using the modified retroactive approach.

On July 1, 2022 the School District recognized an asset retirement obligation relating to several owned buildings that contain asbestos. The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. The associated costs have been reported as an increase to the carrying value of the associated tangible capital assets. Accumulated amortization has been recorded from the later of, the date of acquisition of the related asset or April 1, 1988 (effective date of the Hazardous Waste Regulation (April 1, 1988) – Part 6 – Management of Specific Hazardous Wastes).

The impact of the prior period adjustment on the June 30, 2022 comparative amounts is as follows:

	Increase (Decrease)
Asset Retirement Obligation (liability)	\$ 12,688,641
Tangible Capital Assets – cost	\$ 12,688,641
Tangible Capital Assets – accumulated amortization	\$ 12,688,641
Operations & Maintenance Expense – Asset amortization (2022)	-
Accumulated Surplus – Invested in Capital Assets	(\$12,688,641)

School District No. 63 (Saanich)

Schedule 1 (Unaudited)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2023

	Operating Fund	Special Purpose Fund	Capital Fund	2023 Actual	2022 Actual (Restated - Note 23)
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	3,994,957		13,709,860	17,704,817	33,892,089
Prior Period Adjustments					(12,688,641)
Accumulated Surplus (Deficit), beginning of year, as restated	3,994,957	-	13,709,860	17,704,817	21,203,448
Changes for the year					
Surplus (Deficit) for the year	1,423,171	63,581	(1,832,913)	(346,161)	(3,498,631)
Interfund Transfers					
Tangible Capital Assets Purchased	(1,641,865)	(63,581)	1,705,446	-	
Local Capital	(116,820)		116,820	-	
Net Changes for the year	(335,514)	-	(10,647)	(346,161)	(3,498,631)
Accumulated Surplus (Deficit), end of year - Statement 2	3,659,443	-	13,699,213	17,358,656	17,704,817

School District No. 63 (Saanich)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2023

	2023 Budget (Note 17)	2023 Actual	2022 Actual (Restated - Note 23)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	74,188,020	77,514,902	74,605,455
Other	53,760	181,545	183,610
Federal Grants			39,492
Tuition	4,048,515	4,193,697	3,708,763
Other Revenue	6,277,687	6,442,309	5,574,297
Rentals and Leases	390,000	415,440	380,542
Investment Income	480,000	782,868	205,968
Total Revenue	<u>85,437,982</u>	<u>89,530,761</u>	<u>84,698,127</u>
Expenses			
Instruction	73,700,164	73,776,687	72,922,289
District Administration	3,526,204	3,413,180	2,973,649
Operations and Maintenance	9,767,530	9,217,468	9,025,217
Transportation and Housing	1,658,321	1,700,255	1,553,652
Total Expense	<u>88,652,219</u>	<u>88,107,590</u>	<u>86,474,807</u>
Operating Surplus (Deficit) for the year	<u>(3,214,237)</u>	<u>1,423,171</u>	<u>(1,776,680)</u>
Budgeted Appropriation (Retirement) of Surplus (Deficit)	<u>4,174,237</u>		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(850,000)	(1,641,865)	(1,035,089)
Local Capital	(110,000)	(116,820)	(109,982)
Total Net Transfers	<u>(960,000)</u>	<u>(1,758,685)</u>	<u>(1,145,071)</u>
Total Operating Surplus (Deficit), for the year	<u>-</u>	<u>(335,514)</u>	<u>(2,921,751)</u>
Operating Surplus (Deficit), beginning of year		3,994,957	6,916,708
Operating Surplus (Deficit), end of year		<u>3,659,443</u>	<u>3,994,957</u>
Operating Surplus (Deficit), end of year			
Internally Restricted		2,159,936	3,527,484
Unrestricted		1,499,507	467,473
Total Operating Surplus (Deficit), end of year		<u>3,659,443</u>	<u>3,994,957</u>

School District No. 63 (Saanich)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2023

	2023 Budget (Note 17)	2023 Actual	2022 Actual (Restated - Note 23)
	\$	\$	\$
Provincial Grants - Ministry of Education and Child Care			
Operating Grant, Ministry of Education and Child Care	76,774,842	76,627,629	76,549,164
ISC/LEA Recovery	(3,552,472)	(3,190,534)	(3,079,193)
Other Ministry of Education and Child Care Grants			
Pay Equity	377,315	377,315	377,315
Funding for Graduated Adults	362,048	335,439	463,074
Student Transportation Fund	280,000	280,000	280,000
FSA Scorer Grant	15,214	15,214	12,964
Early Learning Framework (ELF) Implementation	1,442	1,442	2,131
Labour Settlement Funding		3,068,397	
Operating Grant Enrolment Adjustment Special Needs	(70,369)	-	-
Total Provincial Grants - Ministry of Education and Child Care	74,188,020	77,514,902	74,605,455
Provincial Grants - Other	53,760	181,545	183,610
Federal Grants	-	-	39,492
Tuition			
International and Out of Province Students	4,048,515	4,193,697	3,708,763
Total Tuition	4,048,515	4,193,697	3,708,763
Other Revenues			
Funding from First Nations	3,552,472	3,192,947	2,723,698
Miscellaneous			
Miscellaneous and School Generated	234,065	529,491	428,694
Cafeteria	68,000	247,679	184,506
Reading Recovery	-	-	69,292
Textbook Deposits and Distance Ed Fees	75,000	63,077	108,010
International and Out of Province Homestay Fees	2,348,150	2,365,520	2,029,855
Community Use	-	43,595	30,242
Total Other Revenue	6,277,687	6,442,309	5,574,297
Rentals and Leases	390,000	415,440	380,542
Investment Income	480,000	782,868	205,968
Total Operating Revenue	85,437,982	89,530,761	84,698,127

School District No. 63 (Saanich)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object
Year Ended June 30, 2023

	2023 Budget (Note 17)	2023 Actual	2022 Actual (Restated - Note 23)
	\$	\$	\$
Salaries			
Teachers	33,619,707	34,010,766	35,576,010
Principals and Vice Principals	4,906,441	4,782,113	4,636,514
Educational Assistants	6,230,650	5,802,868	5,214,769
Support Staff	8,917,970	8,494,814	8,463,733
Other Professionals	3,333,828	3,342,948	3,151,514
Substitutes	3,778,550	4,336,063	3,919,473
Total Salaries	60,787,146	60,769,572	60,962,013
Employee Benefits	15,477,935	16,021,019	15,168,799
Total Salaries and Benefits	76,265,081	76,790,591	76,130,812
Services and Supplies			
Services	5,151,057	5,134,765	4,823,714
Professional Development and Travel	807,922	560,033	445,956
Rentals and Leases	169,000	157,541	137,659
Dues and Fees	327,528	304,967	385,591
Insurance	165,460	208,047	187,184
Supplies	4,158,136	3,344,988	2,879,215
Utilities	1,608,035	1,606,658	1,484,676
Total Services and Supplies	12,387,138	11,316,999	10,343,995
Total Operating Expense	88,652,219	88,107,590	86,474,807

School District No. 63 (Saanich)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2023

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	25,256,816	514,520	78,994	339,205		3,679,541	29,869,076
1.03 Career Programs	398,446		149,851	64,208		694	613,199
1.07 Library Services	944,319			369,270		1,235	1,314,824
1.08 Counselling	1,183,121	16,957				8,494	1,208,572
1.10 Special Education	4,030,881	184,289	5,282,923	285,827	757,327	254,841	10,796,088
1.30 English Language Learning	831,154						831,154
1.31 Indigenous Education	416,777	146,213	291,100	36,575	72,444	2,370	965,479
1.41 School Administration		3,773,261		1,737,295		45,794	5,556,350
1.62 International and Out of Province Students	843,135	146,873		376,825	169,174	2,167	1,538,174
Total Function 1	33,904,649	4,782,113	5,802,868	3,209,205	998,945	3,995,136	52,692,916
4 District Administration							
4.11 Educational Administration				41,304	843,000		884,304
4.40 School District Governance					124,268		124,268
4.41 Business Administration				432,327	776,475	1,643	1,210,445
Total Function 4	-	-	-	473,631	1,743,743	1,643	2,219,017
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	106,117			100,256	485,889	39,221	731,483
5.50 Maintenance Operations				3,577,340		234,457	3,811,797
5.52 Maintenance of Grounds				492,069			492,069
5.56 Utilities							-
Total Function 5	106,117	-	-	4,169,665	485,889	273,678	5,035,349
7 Transportation and Housing							
7.41 Transportation and Housing Administration				83,519	114,371		197,890
7.70 Student Transportation				558,794		65,606	624,400
Total Function 7	-	-	-	642,313	114,371	65,606	822,290
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	34,010,766	4,782,113	5,802,868	8,494,814	3,342,948	4,336,063	60,769,572

School District No. 63 (Saanich)

Operating Expense by Function, Program and Object

Year Ended June 30, 2023

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2023 Actual	2023 Budget (Note 17)	2022 Actual (Restated - Note 23)
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	29,869,076	8,247,840	38,116,916	2,460,407	40,577,323	39,894,182	42,801,306
1.03 Career Programs	613,199	141,697	754,896	696,579	1,451,475	1,439,079	1,395,818
1.07 Library Services	1,314,824	325,003	1,639,827	55,620	1,695,447	1,482,042	1,444,087
1.08 Counselling	1,208,572	238,687	1,447,259	-	1,447,259	1,203,168	1,365,495
1.10 Special Education	10,796,088	2,889,859	13,685,947	525,475	14,211,422	15,480,307	12,707,883
1.30 English Language Learning	831,154	194,579	1,025,733	5,187	1,030,920	737,019	1,050,191
1.31 Indigenous Education	965,479	225,789	1,191,268	78,142	1,269,410	1,528,660	1,189,533
1.41 School Administration	5,556,350	1,309,226	6,865,576	106,899	6,972,475	6,598,061	6,420,694
1.62 International and Out of Province Students	1,538,174	401,601	1,939,775	3,181,181	5,120,956	5,337,646	4,547,282
Total Function 1	52,692,916	13,974,281	66,667,197	7,109,490	73,776,687	73,700,164	72,922,289
4 District Administration							
4.11 Educational Administration	884,304	175,395	1,059,699	103,462	1,163,161	1,156,772	1,041,900
4.40 School District Governance	124,268	6,048	130,316	111,597	241,913	308,050	190,148
4.41 Business Administration	1,210,445	302,626	1,513,071	495,035	2,008,106	2,061,382	1,741,601
Total Function 4	2,219,017	484,069	2,703,086	710,094	3,413,180	3,526,204	2,973,649
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	731,483	120,369	851,852	334,278	1,186,130	1,292,511	1,146,189
5.50 Maintenance Operations	3,811,797	1,072,804	4,884,601	745,428	5,630,029	6,058,593	5,649,561
5.52 Maintenance of Grounds	492,069	137,883	629,952	164,699	794,651	808,391	744,791
5.56 Utilities	-	-	-	1,606,658	1,606,658	1,608,035	1,484,676
Total Function 5	5,035,349	1,331,056	6,366,405	2,851,063	9,217,468	9,767,530	9,025,217
7 Transportation and Housing							
7.41 Transportation and Housing Administration	197,890	42,380	240,270	6,056	246,326	314,104	199,818
7.70 Student Transportation	624,400	189,233	813,633	640,296	1,453,929	1,344,217	1,353,834
Total Function 7	822,290	231,613	1,053,903	646,352	1,700,255	1,658,321	1,553,652
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	60,769,572	16,021,019	76,790,591	11,316,999	88,107,590	88,652,219	86,474,807

School District No. 63 (Saanich)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations
Year Ended June 30, 2023

	2023 Budget (Note 17)	2023 Actual	2022 Actual (Restated - Note 23)
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education and Child Care	13,322,083	13,344,812	10,717,370
Other Revenue	2,985,000	3,718,767	2,791,565
Investment Income		4,999	
Total Revenue	16,307,083	17,068,578	13,508,935
Expenses			
Instruction	15,565,193	16,407,355	12,630,328
District Administration	86,635	86,635	86,635
Operations and Maintenance	405,872	405,872	705,639
Transportation and Housing	249,383	105,135	86,333
Total Expense	16,307,083	17,004,997	13,508,935
Special Purpose Surplus (Deficit) for the year	-	63,581	-
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased		(63,581)	
Total Net Transfers	-	(63,581)	-
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		-	-

School District No. 63 (Saanich)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2023

	Annual Facility Grant	Learning Improvement Fund	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK	Classroom Enhancement Fund - Overhead
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	61,314	247,181	1,486,632	-	14,948	23,274	-	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	305,872	266,534			96,000	19,600	172,006	440,482	880,374
Other			232,268	3,482,893					
Investment Income			4,999						
	305,872	266,534	237,267	3,482,893	96,000	19,600	172,006	440,482	880,374
Less: Allocated to Revenue	305,872	264,794	213,332	3,510,434	93,940	16,579	173,395	440,482	880,374
Deferred Revenue, end of year	-	63,054	271,116	1,459,091	2,060	17,969	21,885	-	-
Revenues									
Provincial Grants - Ministry of Education and Child Care	305,872	264,794			93,940	16,579	173,395	440,482	880,374
Other Revenue			208,333	3,510,434					
Investment Income			4,999						
	305,872	264,794	213,332	3,510,434	93,940	16,579	173,395	440,482	880,374
Expenses									
Salaries									
Teachers							45,316		
Principals and Vice Principals								64,418	147,059
Educational Assistants		214,882					9,810		198,240
Support Staff					56,897			287,425	79,296
Other Professionals									72,803
Substitutes							19,797		216,450
	-	214,882	-	-	56,897	-	74,923	351,843	713,848
Employee Benefits		49,423			14,584		21,869	88,639	154,526
Services and Supplies	305,872	489	213,332	3,446,853	22,459	16,579	76,603		12,000
	305,872	264,794	213,332	3,446,853	93,940	16,579	173,395	440,482	880,374
Net Revenue (Expense) before Interfund Transfers	-	-	-	63,581	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased				(63,581)					
	-	-	-	(63,581)	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 63 (Saanich)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2023

	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	First Nation Student Transportation	Mental Health in Schools	Changing Results for Young Children	Safe Return to School / Restart: Health & Safety Grant	Federal Safe Return to Class / Ventilation Fund	Student & Family Affordability	ECL (Early Care & Learning)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	164,383	-	25,660	-	-	-	-
Add: Restricted Grants									
Provincial Grants - Ministry of Education and Child Care	8,788,760	1,473,693	42,480	52,000	25,000	-	-	737,162	175,000
Other									
Investment Income									
	8,788,760	1,473,693	42,480	52,000	25,000	-	-	737,162	175,000
Less: Allocated to Revenue	8,788,760	1,473,693	105,135	52,000	21,421	-	-	644,524	83,843
Deferred Revenue, end of year	-	-	101,728	-	29,239	-	-	92,638	91,157
Revenues									
Provincial Grants - Ministry of Education and Child Care	8,788,760	1,473,693	105,135	52,000	21,421	-	-	644,524	83,843
Other Revenue									
Investment Income									
	8,788,760	1,473,693	105,135	52,000	21,421	-	-	644,524	83,843
Expenses									
Salaries									
Teachers	7,087,710								
Principals and Vice Principals									59,070
Educational Assistants				16,521					
Support Staff			45,165						
Other Professionals									
Substitutes		1,228,078			12,779				4,648
	7,087,710	1,228,078	45,165	16,521	12,779	-	-	-	63,718
Employee Benefits	1,701,050	245,615	11,992	3,479	2,276				16,346
Services and Supplies			47,978	32,000	6,366			644,524	3,779
	8,788,760	1,473,693	105,135	52,000	21,421	-	-	644,524	83,843
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	-	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 63 (Saanich)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2023

Schedule 3A (Unaudited)

	<u>TOTAL</u>
	\$
Deferred Revenue, beginning of year	2,023,392
Add: Restricted Grants	
Provincial Grants - Ministry of Education and Child Care	13,474,963
Other	3,715,161
Investment Income	4,999
	<u>17,195,123</u>
Less: Allocated to Revenue	<u>17,068,578</u>
Deferred Revenue, end of year	<u><u>2,149,937</u></u>
Revenues	
Provincial Grants - Ministry of Education and Child Care	13,344,812
Other Revenue	3,718,767
Investment Income	4,999
	<u>17,068,578</u>
Expenses	
Salaries	
Teachers	7,133,026
Principals and Vice Principals	270,547
Educational Assistants	439,453
Support Staff	468,783
Other Professionals	72,803
Substitutes	1,481,752
	<u>9,866,364</u>
Employee Benefits	2,309,799
Services and Supplies	4,828,834
	<u>17,004,997</u>
Net Revenue (Expense) before Interfund Transfers	<u>63,581</u>
Interfund Transfers	
Tangible Capital Assets Purchased	<u>(63,581)</u>
	<u>(63,581)</u>
Net Revenue (Expense)	<u><u>-</u></u>

School District No. 63 (Saanich)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2023

	2023	2023 Actual			2022
	Budget (Note 17)	Invested in Tangible Capital Assets	Local Capital	Fund Balance	Actual (Restated - Note 23)
	\$	\$	\$	\$	\$
Revenues					
Investment Income	7,120		3,900	3,900	2,932
Amortization of Deferred Capital Revenue	4,805,000	5,320,843		5,320,843	5,136,108
Total Revenue	4,812,120	5,320,843	3,900	5,324,743	5,139,040
Expenses					
Amortization of Tangible Capital Assets					
Operations and Maintenance	6,820,875	7,157,656		7,157,656	6,739,935
Transportation and Housing	160,593			-	121,056
Total Expense	6,981,468	7,157,656	-	7,157,656	6,860,991
Capital Surplus (Deficit) for the year	(2,169,348)	(1,836,813)	3,900	(1,832,913)	(1,721,951)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	850,000	1,705,446		1,705,446	1,035,089
Local Capital	110,000		116,820	116,820	109,982
Total Net Transfers	960,000	1,705,446	116,820	1,822,266	1,145,071
Total Capital Surplus (Deficit) for the year	(1,209,348)	(131,367)	120,720	(10,647)	(576,880)
Capital Surplus (Deficit), beginning of year		13,352,955	356,905	13,709,860	26,975,381
Prior Period Adjustments					
To Recognize Asset Retirement Obligation					(12,688,641)
Capital Surplus (Deficit), beginning of year, as restated		13,352,955	356,905	13,709,860	14,286,740
Capital Surplus (Deficit), end of year		13,221,588	477,625	13,699,213	13,709,860

School District No. 63 (Saanich)

Tangible Capital Assets
Year Ended June 30, 2023

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	6,088,418	227,783,110	8,870,039	1,579,837	98,444	3,039,001	247,458,849
Prior Period Adjustments							
To Recognize Asset Retirement Obligation		12,688,641					12,688,641
Cost, beginning of year, as restated	6,088,418	240,471,751	8,870,039	1,579,837	98,444	3,039,001	260,147,490
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		742,930	291,966				1,034,896
Deferred Capital Revenue - Other		149,561	23				149,584
Operating Fund		12,609	290,172	118,499		1,220,585	1,641,865
Special Purpose Funds			63,581				63,581
Transferred from Work in Progress		349,847	530,801				880,648
	-	1,254,947	1,176,543	118,499	-	1,220,585	3,770,574
Decrease:							
Deemed Disposals			986,362	2,746	52,285	422,988	1,464,381
	-	-	986,362	2,746	52,285	422,988	1,464,381
Cost, end of year	6,088,418	241,726,698	9,060,220	1,695,590	46,159	3,836,598	262,453,683
Work in Progress, end of year		2,793,079	1,187,735				3,980,814
Cost and Work in Progress, end of year	6,088,418	244,519,777	10,247,955	1,695,590	46,159	3,836,598	266,434,497
Accumulated Amortization, beginning of year		98,610,932	3,345,269	663,153	77,231	1,272,954	103,969,539
Prior Period Adjustments							
		12,688,641					12,688,641
Accumulated Amortization, beginning of year, as restated		111,299,573	3,345,269	663,153	77,231	1,272,954	116,658,180
Changes for the Year							
Increase: Amortization for the Year		5,395,351	896,513	163,772	14,460	687,560	7,157,656
Decrease:							
Deemed Disposals			986,362	2,746	52,285	422,988	1,464,381
		-	986,362	2,746	52,285	422,988	1,464,381
Accumulated Amortization, end of year		116,694,924	3,255,420	824,179	39,406	1,537,526	122,351,455
Tangible Capital Assets - Net	6,088,418	127,824,853	6,992,535	871,411	6,753	2,299,072	144,083,042

School District No. 63 (Saanich)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2023

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
Work in Progress, beginning of year	\$ 384,116	\$ 489,958	\$ -	\$ -	\$ 874,074
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	805,274	1,228,578			2,033,852
Deferred Capital Revenue - Other	1,953,536				1,953,536
	<u>2,758,810</u>	<u>1,228,578</u>	<u>-</u>	<u>-</u>	<u>3,987,388</u>
Decrease:					
Transferred to Tangible Capital Assets	349,847	530,801			880,648
	<u>349,847</u>	<u>530,801</u>	<u>-</u>	<u>-</u>	<u>880,648</u>
Net Changes for the Year	<u>2,408,963</u>	<u>697,777</u>	<u>-</u>	<u>-</u>	<u>3,106,740</u>
Work in Progress, end of year	<u>2,793,079</u>	<u>1,187,735</u>	<u>-</u>	<u>-</u>	<u>3,980,814</u>

School District No. 63 (Saanich)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2023

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	106,022,900	10,476,722	952,901	117,452,523
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	1,034,896	23	149,561	1,184,480
Transferred from Work in Progress	880,648			880,648
	<u>1,915,544</u>	<u>23</u>	<u>149,561</u>	<u>2,065,128</u>
Decrease:				
Amortization of Deferred Capital Revenue	4,849,316	400,551	70,976	5,320,843
	<u>4,849,316</u>	<u>400,551</u>	<u>70,976</u>	<u>5,320,843</u>
Net Changes for the Year	<u>(2,933,772)</u>	<u>(400,528)</u>	<u>78,585</u>	<u>(3,255,715)</u>
Deferred Capital Revenue, end of year	<u>103,089,128</u>	<u>10,076,194</u>	<u>1,031,486</u>	<u>114,196,808</u>
Work in Progress, beginning of year	844,793	29,281	-	874,074
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	2,033,852	1,953,536		3,987,388
	<u>2,033,852</u>	<u>1,953,536</u>	<u>-</u>	<u>3,987,388</u>
Decrease				
Transferred to Deferred Capital Revenue	880,648			880,648
	<u>880,648</u>	<u>-</u>	<u>-</u>	<u>880,648</u>
Net Changes for the Year	<u>1,153,204</u>	<u>1,953,536</u>	<u>-</u>	<u>3,106,740</u>
Work in Progress, end of year	<u>1,997,997</u>	<u>1,982,817</u>	<u>-</u>	<u>3,980,814</u>
Total Deferred Capital Revenue, end of year	<u>105,087,125</u>	<u>12,059,011</u>	<u>1,031,486</u>	<u>118,177,622</u>

School District No. 63 (Saanich)

Schedule 4D (Unaudited)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2023

	Bylaw Capital	MECC Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
Balance, beginning of year	\$ -	\$ 62,602	\$ 1,192,581	\$ -	\$ 3,544	\$ 1,258,727
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education and Child Care	3,172,488		760,978			3,933,466
Other					149,561	149,561
Investment Income		1,100	1,000			2,100
Transfer project surplus to MECC Restricted (from) Bylaw	(103,740)	103,740				-
	3,068,748	104,840	761,978	-	149,561	4,085,127
Decrease:						
Transferred to DCR - Capital Additions	1,034,896		23		149,561	1,184,480
Transferred to DCR - Work in Progress	2,033,852		1,953,536			3,987,388
	3,068,748	-	1,953,559	-	149,561	5,171,868
Net Changes for the Year	-	104,840	(1,191,581)	-	-	(1,086,741)
Balance, end of year	-	167,442	1,000	-	3,544	171,986