



FINANCIAL STATEMENT DISCUSSION & ANALYSIS REPORT

FOR THE YEAR ENDED, JUNE 30, 2022

2021-2022 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

This Financial Statement Discussion and Analysis (FSD&A), prepared by the district to highlight the financial condition and operating results of School District No. 36 (Surrey) for the year ended June 30, 2022. This FSD&A should be read in conjunction with the audited financial statements and related notes for the year ended June 30, 2022.

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SCHOOL DISTRICT OVERVIEW

Surrey Schools (School District No. 36) is one of sixty public school districts in British Columbia. The district serves the City of Surrey, the City of White Rock, and the rural area of Barnston Island.

The district is governed by the Surrey Board of Education which consists of seven elected trustees representing the cities of Surrey and White Rock. Collectively the Board sets education policies within the district as mandated by the School Act.

“Surrey Schools has more than 12,200 employees, including 6,522 teachers.”

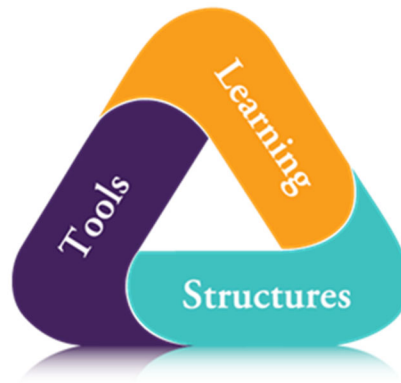
As of June 30, 2022, the district’s annual enrollment was approximately 74,900 students from kindergarten to Grade 12. The district operated 103 elementary schools, 21 secondary schools, 5 learning centres, 3 adult education centres, one community college, and a distributed learning program. All the district’s sites are equipped with the latest teaching and learning resources, including technology, science laboratories, fine arts, and sports facilities.

OUR VISION: LEARNING BY DESIGN

“We prepare our learners to think creatively and critically, communicate skillfully, and demonstrate care for self and others.”

The Board works in partnership with staff, students, parents and the community to support the district’s vision.

The transformation of public education finds expression in the district’s refreshed vision called Learning by Design which incorporates three key themes– learning, structures, and tools.



Learning

- Learning prioritizes the needs and gifts of individual students, helping them to demonstrate the core competencies in all aspects of their learning.
- It emphasizes their unique ability to contribute based on their experiences, cultures, heritages, languages, and diverse abilities.
- Learning by Design is rooted in the principle that all learning is driven by individual passions and interests, and must be connected to real-world experiences and challenges.
- Students and teachers demonstrate this learning in tangible ways.

Structures

- Structures are the time, physical space, access to information, and community connections that students need in order to learn.
- These structures meet the students where they are based on their individual needs, and must be inclusive of all individual ways of learning and knowing. For some, the structures that support learning may look different than for other students.
- Students with diverse abilities and disabilities deserve full and equal access to learning in the classroom and beyond.
- Indigenous students deserve a learning environment that is respectful of their experiences, recognizes the legacies of colonialism, and is consistent with the district’s commitment to reconciliation.

Tools for a Digital Age

- The learning process also requires tools that support learning within these structures.
- Innovative technologies can provide greater access and equity in learning, and the digital world offers opportunities for all students to harness new ways of demonstrating their learning.
- Innovative strategies to bring learning to life for students who experience challenges that impact the learning environment, including students with diverse abilities or disabilities, can create a learning environment that helps them achieve success.

Source: [Our Values & Vision \(surreyschools.ca\)](https://surreyschools.ca/Our-Values-Vision)

GUIDING PRINCIPLES

The Board of Education budget decisions for the 2021-2022 fiscal year were focused on supporting the district's Vision and Guiding Principles as supported by the districts Learning by Design plan and the Long-Range Facilities and Education plan.

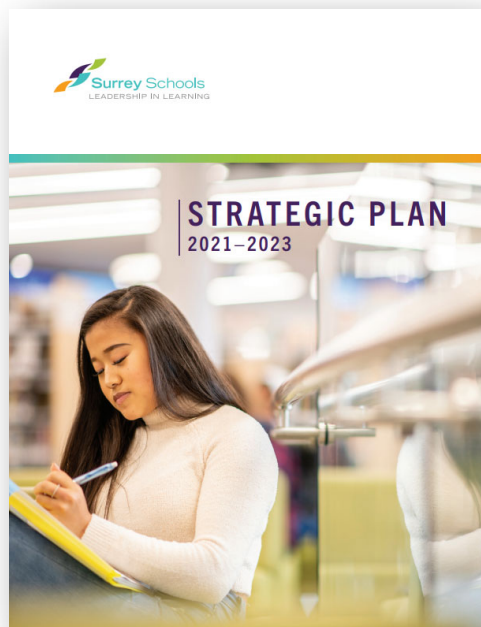
We realize our vision through:

- ***Supporting the design of engaging learning environments for all students.***
- ***Operational efficiencies that prioritize resources to directly support learning.***
- ***Relationships with community partners to broaden opportunities for students.***
- ***Advocacy for necessary facilities and resources.***
- ***Supporting schools and workplaces that are safe and caring for all.***

Source: [Board Overview \(surreyschools.ca\)](https://surreyschools.ca)

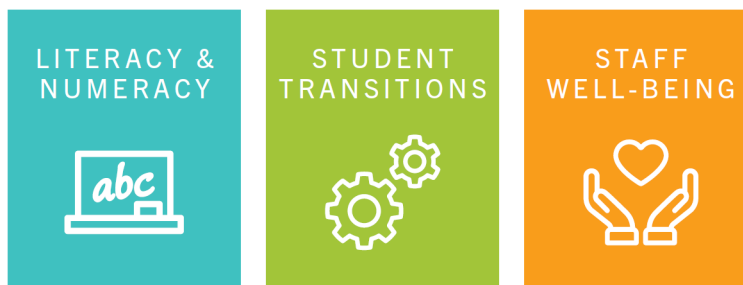
STRATEGIC PLAN 2021 – 2023

At its June 9th, 2021, public meeting, the Surrey Board of Education approved the Surrey schools Strategic Plan 2021 – 2023. This plan is in alignment with the [B.C. Ministry of Education and Childcare’s Framework for Enhancing Student Learning](#) and outlines the steps that we are taking to fulfill our vision for Learning by Design.



This vision outlines our guiding values and beliefs which not only include a focus on learning and engagement, but also highlight equity and our commitment to truth and reconciliation. Consistent with the First Peoples’ Principles of Learning, this is our learning story, and it anchors us in place and in our history.

The implementation of our vision for Learning by Design, is guided by what we call our Priority Practices of Curriculum Design, Instructional Strategies, Quality Assessment and Social and Emotional Learning. Finally, our priorities of inquiry focus on the following:



The results of our efforts will be published and made available in September 2022.

2021-2022 YEAR IN REVIEW

The pandemic environment is considerably different from when the budget was initially adopted in May 2021. Since the roll out of vaccines, we have seen encouraging signs reflected in higher than projected enrolment and modest increase in other revenues sources. However, within the fiscal year, variants of the COVID-19 continued to create an environment of uncertainty and apprehension.

Quarter One: July 2021 to September 2021

The first quarter saw the district prepare for the return of students, teachers and staff to face to face instruction under the continued environment of the COVID pandemic. Our student enrolment exceeded pre-pandemic levels, while our international student enrolments saw modest growth for a total of 655, a 34% increase from original projection. We welcomed the opening of Grandview Heights Secondary adding 1,500 seats for secondary students in South Surrey and White Rock.

Quarter Two: October 2021 to December 2021

The second quarter the district received its report on “Racing to Equity” developing the framework for the district to address sustainable racial equity and social justice. In November, Jon Harding commenced his duties as our new Secretary Treasurer/CFO.

Quarter Three: January 2022 to March 2022

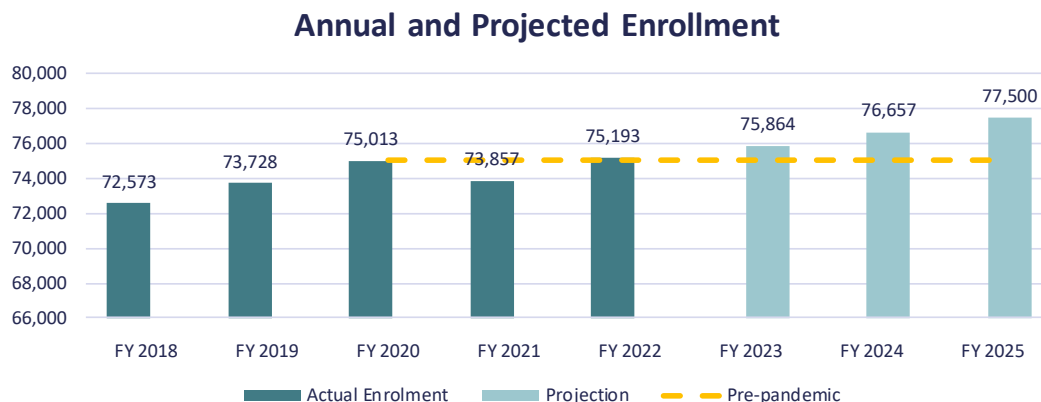
The third quarter saw the sudden influx of the Omicron variant resulting in enhanced safety measures to ensure student and staff safety. By Spring Break, the Omicron variant had subsided enough for the lifting of mandatory mask requirements in our schools. The district saw the retirement of Dr Jordan Tinney, Superintendent and the on-boarding of Mark Pearmain, our new Superintendent of Surrey Schools.

Quarter Four: April 2022 to June 2022

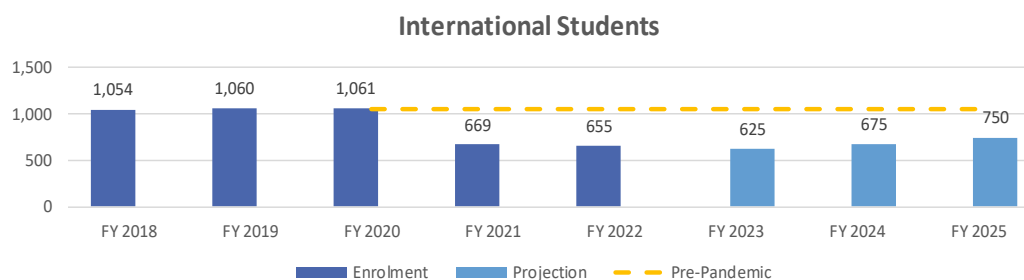
In the last quarter, students and staff were excited to see our senior students return to “normal” graduation activities.

STUDENT ENROLLMENT

Each year, the district prepares an annual enrolment plan with projections that consider future demographics and geographic trends and additional factors that could impact future enrolment in the district. Fluctuations in student enrolment directly influence the decisions made by the district regarding staffing, class sizes, course offerings, and future capacity. Given that labour costs make up a significant part of the district's expenditures, reliable estimates of student enrolment are important.



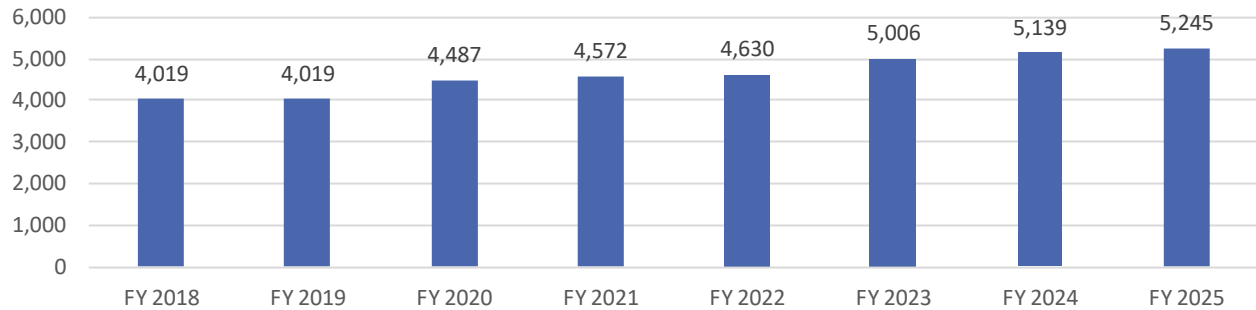
Student enrolment has exceeded pre-pandemic levels with an expectation to grow in the coming years. International student growth continues to be hampered by global pandemic restrictions abroad with growth expected to take longer to reach pre-pandemic levels.



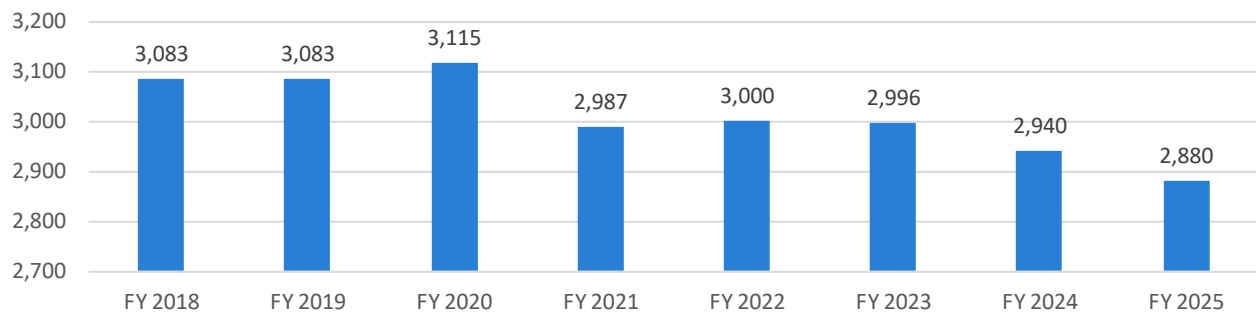
The following graphs reflect the unique student categories of actual and projected enrolments.

Unique Student Categories

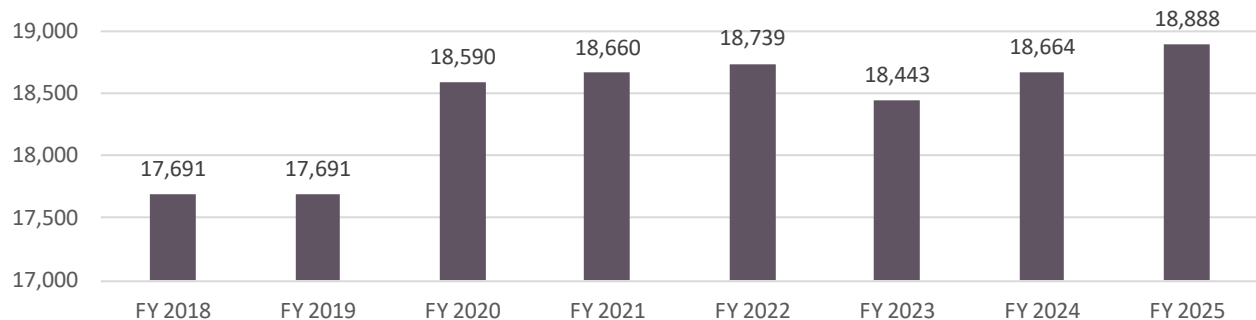
Students with Special Needs (Levels 1 - 3)



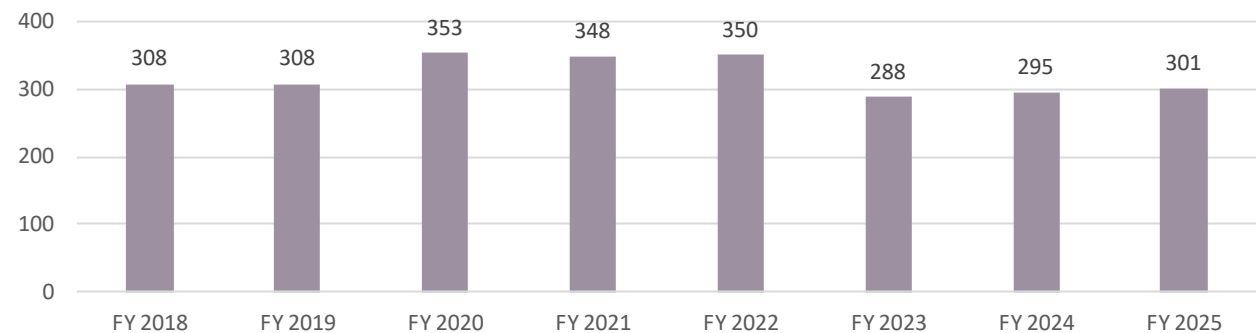
Indigenous Learners



English Language Learners

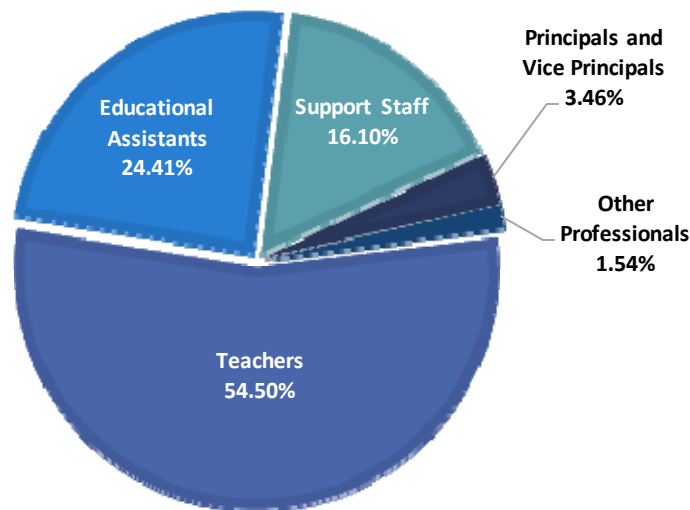


Adults



LABOUR FORCE

For 2021-2022, the district employed over 12,000 people. This includes over 7,500 full time equivalent positions, ranging from instructional and classroom support to maintaining school buildings and grounds. The district spends the greatest proportion of its operating funds on salaries and benefits. Teachers make up a significant portion of the labour force and total operating expenses, accounting for 54.5% of our labour force. A complete breakdown of the district's operating labour force is outlined below.



The district's labour force continues to grow as a result of continued student growth and the unique student demographics of our district. Below is a trend of the district's operating labour force by employee category over the past 6 years.

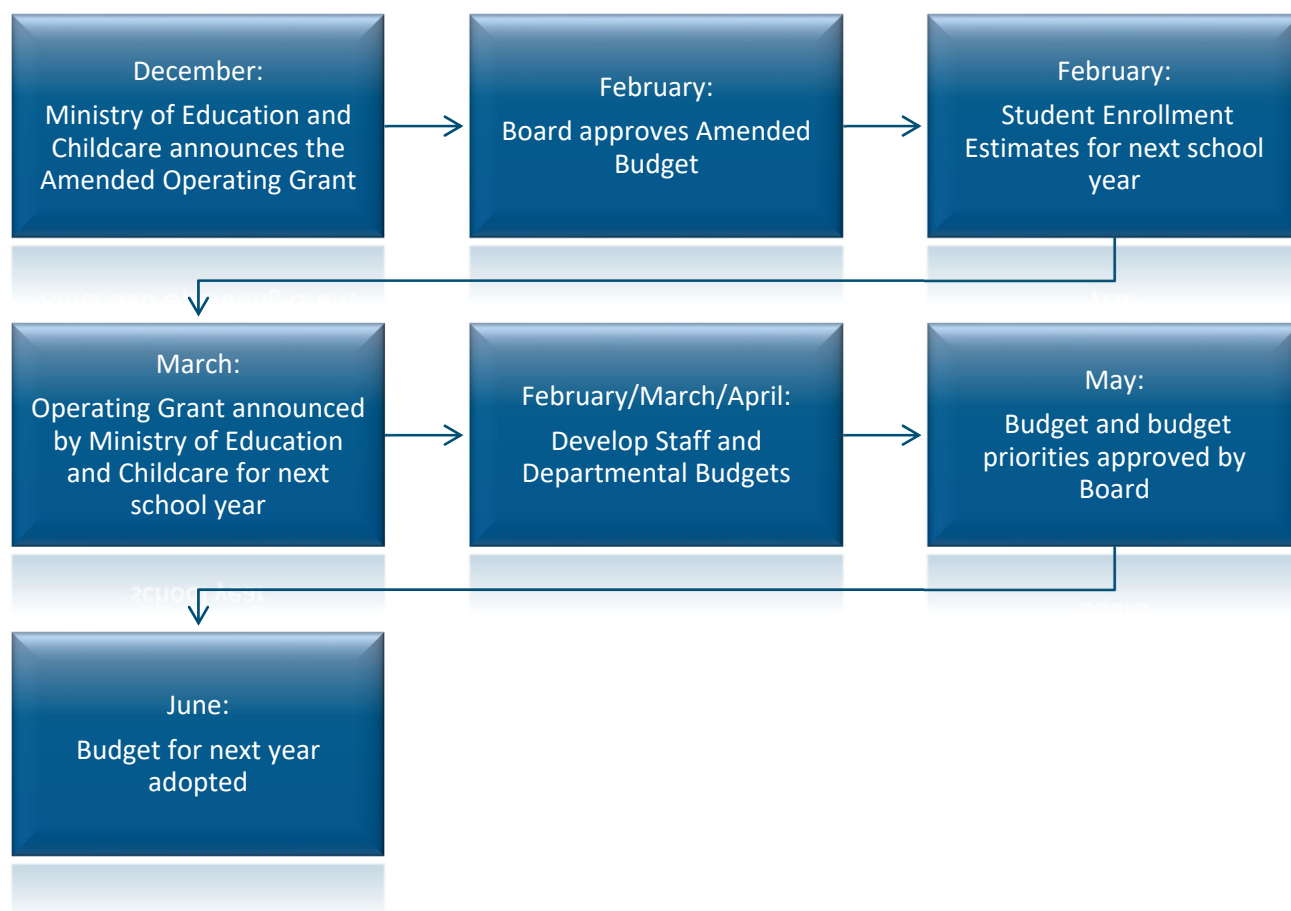
Budgeted FTE	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Teachers	3,946	4,003	4,034	4,098	4,064	4,117
Educational Assistants	1,441	1,551	1,629	1,762	1,840	1,844
Support Staff	1,111	1,130	1,163	1,192	1,194	1,216
Principals and Vice Principals	245	247	249	254	260	261
Other Professionals	98	101	104	112	112	116
Total FTE	6,841	7,031	7,179	7,417	7,470	7,554

BUDGET AND FINANCIAL PLANNING CYCLE

The Board's vision and goals and strategic priorities drive budget decisions and operational plans. The Board's Finance Committee began its deliberations in November 2020 and held several meetings in subsequent months focused on preparing and presenting the 2021-2022 budget to the Board of Education for approval at the May 12, 2021, Regular Public Board Meeting.

The expected student enrolment was submitted to the Ministry of Education and Childcare in mid-February 2021 for the upcoming year. The operating grant funding was based on these enrolment projections and announced by the Ministry of Education and Childcare in March of 2021. Student enrolment projections were used to estimate staffing and resource requirements.

In December of 2021, the Ministry of Education and Childcare announced the amended operating grant to be allotted to school districts which is based on actual September 2021 confirmed funded student enrolment, and an amended budget was then prepared by the district. The amended annual budget was adopted by the Board on February 9, 2022. The amended annual budget serves as a forecasting tool of operations toward the fiscal year end.



FUND TYPES

The financial statements are reported as a consolidation of three types of funds: Operating, Special Purpose, and Capital.

Operating Fund	Special Purpose Funds	Capital Funds
Funds used to support instructional programs, school, and district administration, maintaining of schools and district facilities and transportation.	Funds provided by a funder/donor for the sole purpose to carry out a specific function or activity. Examples include school meals program, scholarships and ministry- designated activities, such as annual facility grants, classroom enhancement funds, and early learning programs.	Funds used for the construction of new schools or school expansions as well as extension of the lifespan of capital assets; the purchase of vehicles, computers, furniture and equipment and the acquisition of school sites. Includes the amortization of deferred capital revenue and tangible capital assets recognized for the fiscal year, in addition to any gains or losses on the disposal of tangible assets.

FINANCIAL STATEMENT OVERVIEW

The district's financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulation 198/2011 issued by the Province of British Columbia Treasury Board. This Section requires that financial statements be prepared in accordance with Canadian public sector accounting standards with some exceptions as reported in Note 2 of the financial statements. These exceptions refer to the accounting treatment of recognizing deferred revenue and deferred capital revenue of government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. Whereas Canadian public sector accounting standards (PSAS) would require such transfers be recognized as revenue at the time of acquisition of capital assets. The financial difference on the Statement of Financial Position and Statement of Operations are noted in the table below.

	As Presented	Adjustments	PSAS
Statement of Financial Position - Statement 1			
Total Financial Assets	188,194,026		188,194,026
Total Liabilities	906,612,436	(775,282,079)	131,330,357
Net Financial Assets (Net Debt)	(718,418,410)	775,282,079	56,863,669
Total Non-Financial Assets	1,354,540,596		1,354,540,596
Accumulated Surplus (Deficit)	636,122,186	775,282,079	1,411,404,265
Statement of Operations - Statement 2			
Surplus (Deficit) for the year	1,823,331	49,614,307	51,437,638
Accumulated Surplus (Deficit) from Operations, beginning of year	634,298,855	725,667,772	1,359,966,627
Accumulated Surplus (Deficit) from Operations, end of year	636,122,186	775,282,079	1,411,404,265

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position presents the financial position of the school district by reporting the amounts of assets, liabilities, net assets, and accumulated surplus as of June 30th of each year.

The following table provides a comparative analysis of the School District's Net Financial position for the fiscal years ending June 30, 2022, and June 2021. The variances are explained below:

	June 30, 2022	June 30, 2021	Variance	% Change
Financial Assets				
Cash and Cash Equivalents	\$170,451,709	\$170,209,473	\$242,236	0.14%
Accounts Receivable:				
Due from Province - Ministry of Education	10,043,095	11,548,075	(1,504,980)	-13.03%
Due from First Nations	0	84,483	(84,483)	-100.00%
Other	7,699,222	6,570,476	1,128,746	17.18%
Land held for sale	0	2,200,000	(2,200,000)	-100.00%
Total Financial Assets	\$188,194,026	\$190,612,507	(\$2,418,481)	-1.27%
Liabilities				
Accounts Payable and Accrued Liabilities:				
Due to Province - Ministry of Education				
Other	20,757,201	25,880,003	(\$5,122,802)	-19.79%
Unearned Revenue	11,428,990	9,220,572	2,208,418	23.95%
Deferred Revenue	12,701,078	9,766,334	2,934,744	30.05%
Deferred Capital Revenue	779,678,677	732,557,868	47,120,809	6.43%
Employee Future Benefits	12,649,697	13,074,455	(424,758)	-3.25%
Other Current Liabilities	69,396,793	72,719,711	(3,322,918)	-4.57%
Total Liabilities	\$906,612,436	\$863,218,943	\$43,393,493	5.03%
Net Financial Assets (Debt)	(\$718,418,410)	(\$672,606,436)	(\$45,811,974)	6.81%
Non-Financial Assets				
Tangible Capital Assets	\$1,352,272,206	\$1,304,894,669	\$47,377,537	3.63%
Prepaid Expenses	2,268,390	2,010,622	257,768	12.82%
Total Non-Financial Assets	\$1,354,540,596	\$1,306,905,291	\$47,635,305	3.64%
Accumulated Surplus (Deficit)	\$636,122,186	\$634,298,855	\$1,823,331	0.29%

Cash Summary

Cash assets as of June 30, 2022, are categorized as follows:

Cash Position	June 30, 2022	June 30, 2021	Variance
Bank Deposits	\$84,780,385	\$60,729,252	\$24,051,133
Central Deposit - Ministry of Finance	85,671,324	109,480,221	(23,808,897)
	\$170,451,709	\$170,209,473	\$242,236

Cash is held in the Operating bank account, the school bank accounts, and in the Provincial Central Deposit Program with the Ministry of Finance. The \$242K increase over the previous year is primarily due to timing

2021-2022 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

differences of vendor and staff payments. The shift between the Central Deposit held by the Ministry of Finance and the district's general bank account is the result of meeting current cashflow needs of the district.

Accounts Receivable

Accounts Receivable is made up of three categories: Due from Province-Ministry of Education and Childcare and Childcare, Due from First Nations and Other. The year-over-year decrease in the Due from Province – Ministry of Education and Childcare and Childcare relates to the timing of funding received from the province for capital construction projects. The amounts that are receivable from Other are primarily attributable to the timing of Goods and Services Tax (GST) rebates from the Federal Government and School Site Acquisition Charges due from the City of White Rock and Surrey and security deposits held by both cities for construction purposes.

Land held for sale

In September 2020, the district entered into an agreement to sell one of its surplus properties for a purchase price of \$30.6 million. The sale was completed in October 2021. The property was acquired by the district for a cost of \$2.2 million. As of June 30, 2021, the land had been classified as a financial asset, and was presented at cost on the Statement of Financial Position, as land held for sale.

Accounts Payable and Accrued Liabilities

Accounts Payable & Accrued Liabilities is made up of two categories: Due from Province-Ministry of Education and Childcare and Childcare and Other. The year-over-year decrease in the Due to Province relates to the timing of Next Generation Network recoveries. The amounts that are payable to Other were \$5.1 million less this year over last, primarily due to less accrued construction payments related to capital projects.

Unearned Revenues

Unearned Revenues 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. The increase of \$1.8 million in Unearned Revenues from the previous year (\$9.1 million at June 30, 2021 vs \$10.9 million at June 30, 2022) is due to increased deposits for 2022-2023 International Student fees as COVID-19 pandemic restrictions subsides. In addition to the lessening of pandemic restrictions, \$441K in additional rental deposits for the 2022-2023 fiscal year have been received.

Unearned Revenue	June 30, 2021	Increase to Unearned Revenue	Revenue Recognized in the Period	June 30, 2022
Tuition Fees	\$9,160,429	\$11,360,194	(\$9,593,002)	\$10,927,621
Rental/Lease of Facilities	60,143	1,046,739	(605,513)	501,369
Total	\$9,220,572	\$12,406,933	(\$10,198,515)	\$11,428,990

Deferred Revenues

Deferred Revenues represent special purpose fund balances, including unspent school generated funds. These amounts will be recognized as revenue and spent in future years as the expenses are incurred. The increase of \$2.9 million from the previous year is mainly due from funds reserved for enhanced ventilation of \$1.0 million, Classroom Enhancement Remedies of \$1.1 million unutilized, an increase in School Generated Funds of \$0.4 million, and OLEP (French Languages) of \$0.1 million.

Deferred Revenues	June 30, 2021	Increase to Unearned Revenue	Revenue Recognized in the Period	June 30, 2022
Provincial Grants - Ministry of Education	\$1,637,589	\$61,524,721	(\$59,251,829)	\$3,910,481
Provincial Grants - Other	726,265	742,368	(701,306)	767,327
Federal Grants	96,412	45,834	(39,269)	102,977
Other Revenue	7,306,068	13,814,953	(13,200,728)	7,920,293
Investment Income	-	13,016	(13,016)	-
Total Deferred Revenues	\$9,766,334	\$76,140,892	(\$73,206,148)	\$12,701,078

Deferred Capital Revenues

These revenues relate to funds received in support of capital projects. The change in the Deferred Capital Revenue account is shown in the table below:

Deferred Capital Revenues	June 30, 2022	June 30, 2021	Change
Deferred Capital Revenue – Opening Balance	\$732,557,868	\$669,406,618	\$63,151,250
Additions – Funding Received in respect of Capital Projects	78,102,711	94,512,269	(16,409,558)
Current year transfers to revenue (site purchases) and amortization of Deferred Capital Revenue	(30,981,902)	(31,361,019)	379,117
Closing Deferred Capital Revenue Balance	\$779,678,677	\$732,557,868	\$47,120,809

The closing Deferred Capital Revenue balance includes Work in Progress. The Work in Progress amount as of June 30, 2022, was \$75,342,753 (June 30, 2021: \$51,556,231).

Employee Future Benefits

This liability measures the estimated future costs to the district to provide employee benefits such as retirement allowances, sick pay, and death benefits.

Other Current Liabilities

Other Current Liabilities include Salaries and Benefits Payable, Accrued Vacation Payable and Teachers deferring a portion of their payroll to be paid over the July and August period. The decrease of \$3.3 million over the previous year is primarily attributable to more teachers opting to be paid on a 12 month pay schedule versus a 10 month pay schedule and to wages incurred but not yet paid.

Tangible Capital Assets and Amortization Expense

The district has an active Capital Project Office and has many active school construction projects. These Projects include the construction of new or replacement buildings, upgrades to existing buildings and seismic upgrades. The funds spent on buildings, furniture and equipment, vehicles, and computer hardware and software are capitalized as Tangible Capital Assets. The costs of these assets are recognized over their respective expected useful lives through recording of an Amortization Expense. Furniture and equipment, vehicles, and computer hardware and software are deemed to be disposed of at the end of their useful life.

The district's Tangible Capital Asset balances are recorded in the schedule below:

	Land/Sites	Building	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	2022 Total
Cost							
Beginning of year	\$399,572,799	\$1,426,963,404	\$59,442,570	\$9,795,085	\$1,440,791	\$21,976,281	\$1,919,190,930
Additions	(330,760)	78,852,197	10,045,879	976,116		2,808,782	92,352,214
Disposals							-
Deemed Disposals			(4,353,547)	(496,479)	(529,908)	(3,697,588)	(9,077,522)
Cost, end of year	\$399,242,039	\$1,505,815,601	\$65,134,902	\$10,274,722	\$910,883	\$21,087,475	\$2,002,465,622
Accumulated Amortization							
Beginning Balance		\$575,537,986	\$22,539,958	\$4,173,294	\$1,018,143	\$11,026,880	\$614,296,261
Amortization		33,200,771	6,228,874	1,003,489	235,168	4,306,375	44,974,677
Disposals							-
Deemed Disposals			(4,353,547)	(496,479)	(529,908)	(3,697,588)	(9,077,522)
Accumulated Amortization - Closing		\$608,738,757	\$24,415,285	\$4,680,304	\$723,403	\$11,635,667	\$650,193,416
Tangible Capital Assets - Net Book Value	\$399,242,039	\$897,076,844	\$40,719,617	\$5,594,418	\$187,480	\$9,451,808	\$1,352,272,206

Cost at June 30th, 2022, includes work in progress on Buildings for \$87,021,805.

Prepaid Expenses

Prepaid expenses include Materials and Supplies held in Central Stores for use within the district. The year-over-year increase of \$0.258 million is partially due to the purchasing of materials and supplies for summer work and for prepayments of other operational services.

Accumulated Fund Balance (Reserves)

Board Policy 4204: Fiscal Responsibility: Operating Fund Balance, outlines the objective of maintaining a reasonable operating fund balance, in accordance with the Ministry of Education and Childcare and Childcare's financial health best practices for school districts model. Every entity requires some level of fund balance for cashflow purposes and to respond to unknown/emergent events. The amount that an operating fund balance can be retained is dependent on each district's unique set of circumstances.

For the fiscal year end of June 30, 2022, the net change to the operating fund balance for the year was (\$18.9 million), and the effect on the total accumulated operating fund balance was \$27.5 million.

The operating fund balances were planned, and expenses were curtailed in anticipation of increased risks in the district funding levels that are anticipated for the 2022-2023 school year. Risks identified for 2022-2023 include:

- Enrollment risk – over estimated enrolment growth
- Accelerating inflationary cost pressures
- Potential for pandemic resurgence and measures to protect staff & students
- Recruitment challenges and potential for unionized labour disruptions with expired contracts
- Newly legislative paid employee sick leave for casual staff

	Operating Fund	Special Purpose Fund	Capital Fund	June 30, 2022	June 30, 2021
Accumulated Fund Balance (Deficit), beginning of year	\$46,349,117	-	\$587,949,738	\$634,298,855	\$624,074,989
Changes for the year:					
Surplus (Deficit) for the year	(15,334,177)	2,677,776	14,479,732	1,823,331	10,223,866
Interfund transfers:					
Tangible Capital Assets Purchased	(3,552,867)	(2,677,776)	6,230,643	-	-
Local Capital				-	-
Net Changes for the year	(\$18,887,044)	-	\$20,710,375	\$1,823,331	\$10,223,866
Accumulated Fund Balance (Deficit), end of year	\$27,462,073	-	\$608,660,113	\$636,122,186	\$634,298,855

The accumulated capital fund balance represents the total of "Investment in Capital Assets and Local Capital funds" from Schedule 4 of the supporting schedules to the financial statements. Details of Local Capital can be found in the Statement of Operations: Capital fund of this report.

Allocation of Accumulated Operating Fund Balance

Recommendations to the Board were provided to support the following internal restrictions upon Accumulated Operating Fund Balance. Of the \$27.5 million in the Accumulated Operating Fund Balance, \$23.4 million has been internally restricted for the purposes outlined below.

Description	Amount
To Balance Future Operating Budget	\$16,723,432
Addressing Learning Impacts (Year 2 of 2)	2,449,146
Indigenous Learners Education Targeted Funds	866,827
Early Career Mentorship	859,289
Supply Chain Delivery Delays	823,541
Net Schools' Operating Balance	665,714
SPVPA Professional Development	665,247
Learning Resources Balance	340,566
Allocation of Accumulated Fund Balance	\$23,393,762

The district does rely on an accumulated operating fund to support its annual operating expenses. As we have seen during the pandemic, the sudden loss of revenue sources from international student tuition revenue and rental income would have resulted in a deficit for the district, had it not been for one-time grants provided by both federal and provincial governments.

Of the accumulated operating fund balance, over 60% is needed to sustain the 2022-2023 recurring operating expenses, leaving approximately \$4.0 million to address any unanticipated events for the next fiscal year.

Efforts are underway to align recurring operating expenses with annual operating revenues, to ensure adequate unrestricted reserve is available to address any unforeseen events, and not disrupt any educational or operational service deliveries.

STATEMENT OF OPERATIONS - CONSOLIDATED

The Statement of Operations summarizes an entity's revenues, expenses, and surplus (deficit) over the entire reporting period. The district's Statement of Operations is reported as a consolidation of the three funds: Operating, Special Purpose, and Capital. Each fund is reviewed separately.

	2022 Budget	2022 Actual	Variance to Budget	2021 Actual	Variance to 2021
Revenue:					
Provincial Grants - Ministry of Education	\$801,895,158	\$800,523,888	(\$1,371,270)	\$817,368,723	(\$16,844,835)
Provincial Grants - Other	708,068	1,278,406	570,338	1,131,668	146,738
Municipal Grants Spent on Sites	-	-	-	52	(52)
Federal Grants	2,886,328	2,787,204	(99,124)	2,886,515	(99,311)
Tuition	11,348,326	11,640,585	292,259	12,334,462	(693,877)
Other Revenue	13,272,295	17,062,611	3,790,316	10,677,684	6,384,927
Rentals And Leases	2,727,396	2,915,786	188,390	817,936	2,097,850
Investment Income	1,056,000	1,410,833	354,833	1,703,953	(293,120)
Gain (Loss) Equity Investment	-	-	-	-	-
Gain (Loss) on Disposal Of Tangible Capital Assets	27,933,827	27,933,827	-	63,500	27,870,327
Amortization of Deferred Capital Revenues	31,463,971	31,377,496	(86,475)	27,916,494	3,461,002
Total Revenue	\$893,291,369	\$896,930,636	\$3,639,267	\$874,900,987	\$22,029,649
Expense:					
Instruction	\$747,680,940	\$746,918,686	(\$762,254)	\$716,908,388	\$30,010,298
District Administration	19,686,519	16,530,056	(3,156,463)	15,336,142	1,193,914
Operations & Maintenance	131,894,136	124,355,346	(7,538,790)	125,789,164	(1,433,818)
Transportation and Housing	7,162,056	7,303,217	141,161	6,643,427	659,790
Total Expense	\$906,423,651	\$895,107,305	(\$11,316,346)	\$864,677,121	\$30,430,184
Surplus (Deficit) for the year	(\$13,132,282)	\$1,823,331	\$14,955,613	\$10,223,866	(\$8,400,535)

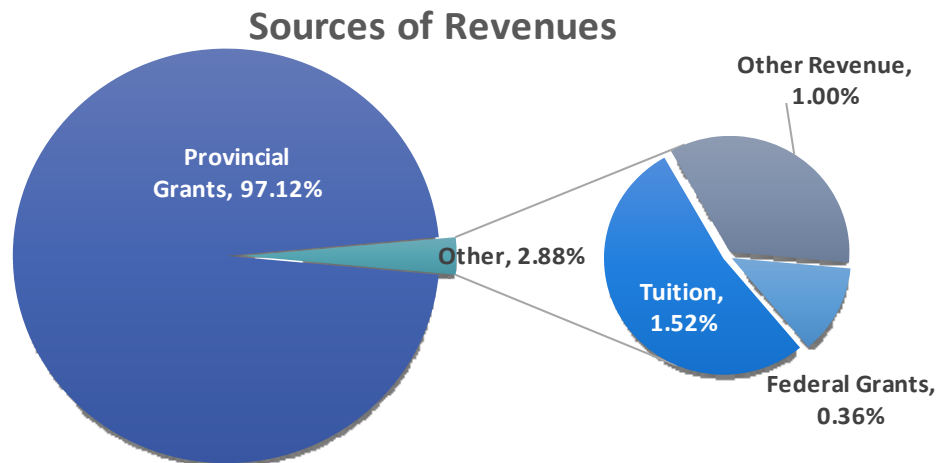
STATEMENT OF OPERATIONS: OPERATING FUND

This statement reflects the day-to-day operations of the district. The following schedule compares the results for the period ending June 30, 2022, to the budget for the year and the prior year actual results.

	Budget 2022	Actual 2022	Variance to Budget	Actual 2021	Variance to 2021
Revenues:					
Provincial Grants - Ministry of Education	\$740,203,994	\$741,667,653	\$1,463,659	\$724,965,428	\$16,702,225
Provincial Grants - Other	383,700	577,100	193,400	392,900	184,200
Federal Grants	2,836,328	2,747,935	(88,393)	2,856,605	(108,670)
Tuition	11,348,326	11,640,585	292,259	12,334,462	(693,877)
Other Revenue	2,394,532	3,639,624	1,245,092	1,433,443	2,206,181
Rentals And Leases	2,617,396	2,797,586	180,190	817,936	1,979,650
Investment Income	1,000,000	1,199,596	199,596	1,513,369	(313,773)
Total Revenue	\$760,784,276	\$764,270,079	\$3,485,803	\$744,314,143	\$19,955,936
Expenses:					
Salaries					
Teachers	\$365,401,423	\$367,534,636	\$2,133,213	\$349,526,661	\$18,007,975
Principals and Vice-Principals	35,604,691	35,552,327	(52,364)	34,425,161	1,127,166
Educational Assistants	76,564,255	73,690,035	(2,874,220)	71,603,413	2,086,622
Support Staff	62,756,232	60,606,444	(2,149,788)	58,502,429	2,104,015
Other Professionals	11,825,861	11,800,400	(25,461)	11,250,789	549,611
Substitutes	29,613,883	30,581,280	967,397	19,876,846	10,704,434
Total Salaries	\$581,766,345	\$579,765,122	(\$2,001,223)	\$545,185,299	\$34,579,823
Employee Benefits	139,603,725	138,186,439	(1,417,286)	128,472,543	9,713,896
Total Salaries And Benefits	\$721,370,070	\$717,951,561	(\$3,418,509)	\$673,657,842	\$44,293,719
Services and Supplies:					
Services	\$21,846,354	\$18,914,109	(\$2,932,245)	\$17,849,267	\$1,064,842
Student Transportation	5,633,052	6,009,350	376,298	5,005,217	1,004,133
Professional Development and Travel	2,983,852	1,354,576	(1,629,276)	1,211,914	142,662
Rentals and Leases	986,796	926,233	(60,563)	824,344	101,889
Dues and Fees	1,269,031	1,281,635	12,604	1,245,316	36,319
Insurance	1,624,938	1,547,844	(77,094)	1,478,341	69,503
Supplies	24,265,875	19,087,011	(5,178,864)	17,660,841	1,426,170
Utilities	11,535,100	12,531,937	996,837	10,393,912	2,138,025
Total Services and Supplies	\$70,144,998	\$61,652,695	(\$8,492,303)	\$55,669,152	\$5,983,543
Total Operating Expense	\$791,515,068	\$779,604,256	(\$11,910,812)	\$729,326,994	\$50,277,262
Surplus (Deficit) for the year	(\$30,730,792)	(\$15,334,177)	\$15,396,615	\$14,987,149	(\$30,321,326)
Budget Appropriation	34,706,362	-	-	-	-
Net Transfers to (from) other funds					
Capital Assets Purchased	(3,975,570)	(3,552,867)	422,703	(3,991,305)	438,438
Local Capital	0	0	0	5,000,000	(5,000,000)
Net Transfers to (from) other funds	(\$3,975,570)	(\$3,552,867)	\$422,703	\$1,008,695	(\$4,561,562)

Revenues:

The district receives 97.12% of its operating revenues from the Provincial Government with 2.88% received through tuition fees, other revenues, and some federal grants.



Analysis of Major Changes in Operating Revenue:

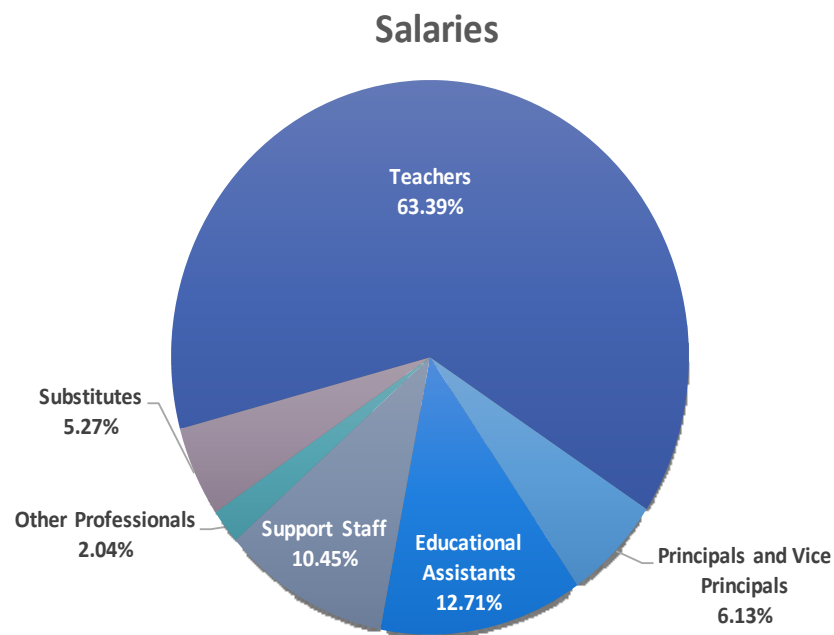
Revenue	Actual to Budget Comparison	2022 to 2021 Comparison
Provincial Grants (MOE and Other)	Operating grant revenue exceeded budget due to higher than projected Feb 2022 and May 2022 enrolment counts.	Year-over year increase results primarily from student growth and funded salary contractual obligations.
Federal Grants	Federal grants were below budget due to less than anticipated salary costs in the Settlement Workers in Schools program.	Decreased revenue from the previous year due to completion of the Surrey Steps Up program in 2021.
Tuition & Other Revenue	Tuition revenue exceeded budget due to more international students than anticipated.	Decreased tuition revenue from the previous year mainly due to fewer international students and lower enrolment in Surrey College.
Other Revenue	Revenue exceeded budget mainly due to the one-time funding from the Surrey Principals & Vice Principal Association (SPVPA).	Increased revenue from the previous year due to teaching kitchens re-opening, one-time revenue from the SPVPA, and other various sources.
Rentals and Leases	Revenue exceeded budget due greater than anticipated facility and Bell Centre rentals after further easing of COVID-19 health restrictions.	Increased revenue from the previous year due to resuming facility rentals and Bell Centre rentals easing of COVID-19 health restrictions.
Investment Income	Revenue exceed budget due the unanticipated rise in interest rates in late spring.	Investment income was less than the previous year due lower interest rates in the first 3 quarters of the fiscal year.

Expenses:

As a percentage of the operating expenses, staff salaries and benefits accounted for 92.09%. This amount is lower than the 92.37% reported in the prior year. As a percentage of operating revenues, labour costs amount to 93.94% versus 90.51% in the prior year.

Salaries Expenses

As shown in the chart below, the bulk of the salaries paid by the district is for Teachers, followed by Educational Assistants, and then Support Staff.



Labour Expense - Variance Analysis Explanations

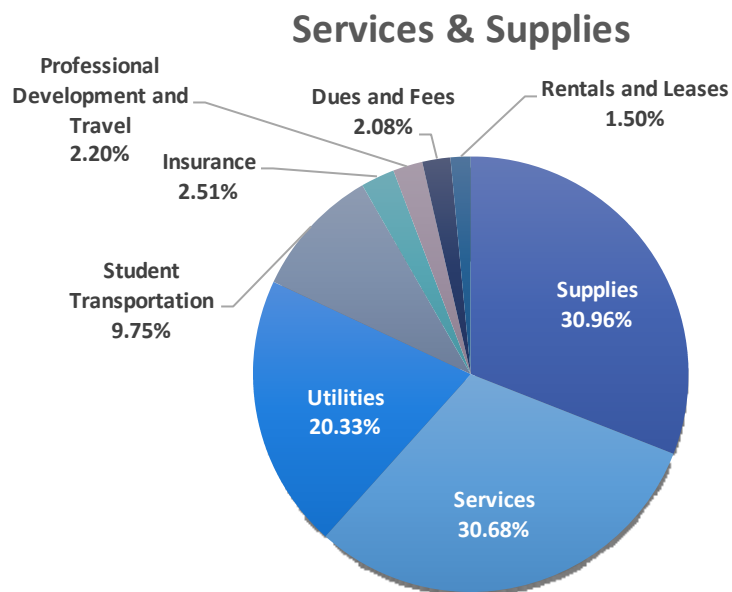
Labour Expense	Actual to Budget Comparison	2022 to 2021 Comparison
Teachers	Teacher salaries were over budget by \$2.1 million because of increased liability for lost preparation time and actual cost per FTE greater than budgeted.	The \$18 million increase from the prior year was primarily due to wage lifts per the collective agreement, and additional positions.
Principals & Vice Principals	In line with budget expectations	The increase of \$1.1 million from the prior year is primarily attributable to the annual wage lift.
Educational Assistants	Educational Assistants salary expenses were under budget by \$2.9 million due to timing of positions being filled. EA usage was significantly reduced as students with special needs fell below projected levels.	The \$2.1 million increase from the prior is from additional positions and the contractual wage increase.

2021-2022 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Support Staff	Support Staff salaries were under budget by \$2.1 million due to timing of positions being filled and actual number of hours utilized were below budget.	The increase of \$2.1 million is mainly attributable to the contractual annual wage increase.
Other Professionals	In line with budget expectations.	The increase of \$0.5 million over the previous year is primarily due to wage increases.
Substitutes	Substitute expenses were over budget by \$0.9 million mainly due to higher than budgeted Educational Assistant replacements.	The increase of \$10.7 million over the previous year is due to increased usage of substitutes for Teachers and Educational Assistants due to COVID-19, as well as some substitute costs in the previous year were charged the Federal Safe Return Class funding provided.
Employee Benefits	Cost savings of \$1.4 million is primarily due to savings in salary expenses.	The increase of \$9.7 million over the previous year is attributed to increased salary expenses.

Services and Supplies

As shown previously, the bulk of the district's operating budget is used to cover Salary and Benefit costs with 7.90% remaining to support Services & Supplies. The chart below shows the allocation of Services & Supplies:



Operating Expense by Object – Variance Analysis Explanations

Operating Expenses by Object	Actual to Budget Comparison	2022 to 2021 Comparison
Services	Services were under budget by \$2.9 million due to savings from the Next Generation Network \$0.4 million passed along to the district from the province. Savings were also realized in contracts \$0.9 million, telecommunications \$0.6 million, and other various services throughout the district \$1.0 million.	Services expenses were \$1.1 million greater than the previous year mainly due to increased agent fees for recruiting international students and increased Next Generation Network fees.
Student Transportation	Student transportation was over budget \$0.4 million due to more students with special needs enrolled for transport than budgeted as well as additional contractual fuel surcharge.	Student transportation expenses were \$1 million more than the previous year due to higher number of students with special needs enrolled for transportation as well as higher contractual costs related to fuel surcharge.
Professional Development & Travel	Significantly under budget \$1.6 million due to less travel, training, and mileage, because of continued pandemic restrictions on travel late into the fiscal year.	\$0.1 million greater than the previous year due to the resuming of some professional development and local travel activities after the lifting of the COVID-19 restrictions.
Rental & Leases	In line with budget expectations.	\$0.1 million more than the previous year, due to rate increases for leased properties.
Dues & Fees	In line with budget expectations.	No significant variance from the previous year.
Insurance	Insurance costs were under budget \$0.1 million primarily due to savings in uninsured losses.	No significant variance from the previous year.
Supplies	Expenses were below budget by \$5.2 million due to schools' account balances, learning resources, supply chain shortages and various department savings across the district.	\$1.4 million greater than the previous year, mainly due to teaching kitchens reopening, and expenses related to facility rentals which have resumed.
Utilities	Over budget \$1 million due to higher natural gas costs resulting from global events as well as increased consumption related to severe weather	Utilities expenses were \$2.1 million greater than the previous year mainly due to higher natural gas and electricity costs from rate increases and cold weather events, as well as price and consumption increases in water and propane.
Net Transfers to/from Other Funds	Capital purchases were \$0.4 million below budget due to delayed delivery of vehicles.	Transfers were \$4.6 million more than the previous year due to a one-time transfer from Local Capital of \$5 million in the previous year, offset by \$0.4 million increased vehicle purchases.

STATEMENT OF OPERATIONS: SPECIAL PURPOSE FUND

The Special Purpose Fund consists of grants and donations received by the district that are to be specifically designated or targeted towards a specific program or activity. Any unspent fund balances represent the value of Deferred Revenue, on the Statement of Financial Position.

The table below details the amount received and expended on each of the special purpose grants for fiscal 2022:

MINISTRY OF EDUCATION AND CHILDCARE FUNDING			
Grant	FY 2022 Amount Received	FY 2022 Amount Expended	Intended Use
Annual Facilities Grant	\$2,319,403	\$2,319,403	Maintenance of Facility Assets
Classroom Enhancement Fund	46,801,677	45,684,614	Classroom Enhancement
CommunityLINK	4,185,917	4,145,631	Community based expenditures
Learning Improvement Fund	2,531,271	2,531,273	Complex classes that present challenging learning conditions
Adolescent Day Treatment	482,150	474,819	Mental Health & Educational Programming
Waypoint	164,110	147,365	Mental Health & Educational Programming
Adolescent Psychiatric Unit	167,730	141,675	Mental Health & Educational Programming
Daughters & Sisters P.L.E.A.	166,250	153,216	Mental Health & Educational Programming
Am'ut	63,370	63,086	Mental Health & Educational Programming
Strong Start	736,000	757,647	Early learning development support
Ready, Set, Learn	249,900	251,619	Early learning development support
Mental Health in Schools	111,033	110,909	Mental Health
Changing Results for Young Children	30,250	29,930	Social & emotional well being of young children
Kindergarten Transitions	0	1,087	Kindergarten transition
First Nation Student Transportation	33,210	28,062	Transportation needs for First Nation students.
OLEP	640,276	528,297	French programs
Gang Prevention (BC)	500,000	438,753	Gang preventions
Safe Return to School/Restart Funding	1,759,233	1,759,233	Covid funding
Federal Safe Return to Class/Ventilation Fund	1,024,878	1,143	Covid funding
Safe Schools - Civil Forfeiture-Prov	74,368	77,775	Crime Prevention
Rapid Response Fund	298,000	253,405	Covid-19 Safety Plans
Discover Trades	0	(723)	Trades Supplies

2021-2022 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FEDERAL GOVERNMENT			
Grant	FY 2022 Amount Received	FY 2022 Amount Expended	Intended Use
Indigenous Ed Windspeaker	\$45,834	\$39,269	Indigenous Learner's education program

DONORS			
Grant	FY 2022 Amount Received	FY 2022 Amount Expended	Intended Use
Community Schools Other	\$666,976	\$436,288	Community school initiatives
Donations	1,455,860	1,430,815	Instructional activities
Scholarships and Bursaries	378,447	387,192	Scholarships & Bursaries
Surrey WRAP	49,822	84,131	Gang preventions

OTHER			
Grant	FY 2022 Amount Received	FY 2022 Amount Expended	Intended Use
School Generated Funds	\$10,803,271	\$10,381,820	School purchases
PAC Contributions	393,936	451,629	School purchases
SAFE Program	89,950	79,284	Gang preventions
Physical Health Education	27,122	17,501	Physical health education

STATEMENT OF OPERATIONS: CAPITAL FUNDS

The district's Capital Funds are made up of Local Capital, Ministry Restricted Capital, Land Capital, and Other Provincial Capital Funds.

The specific balances in the Capital funds are presented in the table below:

Capital Fund	June 30, 2022	June 30, 2021	Variance
Local Capital	\$24,846,126	\$2,200,312	\$22,645,814
Ministry Restricted Capital	3,454,081	3,274,467	179,614
Land Capital	7,432,227	4,287,427	3,144,800
Other Provincial Capital	334,145	3,650,731	(3,316,586)
Total	\$36,066,579	\$13,412,937	\$22,653,642

Local Capital

These are funds generated by the district generally through transfers from the Operating Fund or sale of assets and are used for capital expenditures as determined by the district. Local capital increased by \$22.6 million mostly due to the site proceeds from the sale of the parking lot at the old School Board office. Of which, \$15.7 million will replenish local capital for the land purchase back in 2019 and \$5 million will be reserved for the district's contribution towards the construction of Snokomish Elementary. The balance to be held for future capital project contributions.

Funds Restricted in Local Capital

All funds in the local capital fund are restricted. The School District has \$24.8 million in Local Capital Reserve funds. The local capital funds are used to pay for capital asset acquisitions and act as a source of funding to pay for asset renewal and maintenance for the district's assets not otherwise funded by other Provincial programs such as the Annual Facility Grant (AFG) or School Enhancement Program (SEP). The activity in the Local Capital Reserve can be explained in the table below:

Project	June 30, 2022	June 30, 2021	Variance
District Contributions toward Major Capital Projects (includes contingency for project overruns)	\$19,868,325	(\$4,254,186)	\$24,122,511
Telecommunications Upgrade	2,836,625	4,469,236	(1,632,611)
Climate Action Initiatives	842,400	871,258	(28,858)
School Improvements and Minor Capital Construction	1,298,776	1,114,004	184,772
Totals	\$24,846,126	\$2,200,312	\$22,645,814

Existing commitments on the \$24.8 million of local capital funds amount to \$16.6 million and reflect various capital projects including district contributions towards major capital projects, with \$8.2 million reserved for future capital project use.

Ministry Restricted Capital

These funds are generally the proceeds from surplus Bylaw Capital projects, and/or proceeds from disposal of capital assets that were funded by the Ministry. The balance increased by \$180K due to interest earned on reserve and proceeds from closed bylaw capital funded projects.

Land Capital

These are funds received from the Cities of Surrey and White Rock from school site acquisition charge levies. The increase of \$3.1 million is mainly attributable to funds received for school site acquisition charges.

Other Provincial Capital

The decrease of (\$3.3 million) is attributed to the construction costs of the daycare spaces at Jessie Lee Elementary and Erma Stephenson Elementary schools.

ACTIVE CAPITAL PROJECTS

The district has several projects underway at various stages of progress.

Active Projects in Construction and Design during the 2021-2022 fiscal year at June 30, 2022:

Capital Project	Project Type	Date of Approval	Design Complete	Construction Completion	Target Occupancy
184 - Maddaugh Road Elementary	25-Classroom New School	Oct 7, 2016	100% Complete	Substantially Complete	Mar-21
206 - Edgewood Elementary	27-Classroom New School	Dec 12, 2017	100% Complete	Substantially Complete	Jan-21
021 - Sullivan Elementary	8-Classroom Addition	Mar 18, 2017	100% Complete	98%	Sep-21
157 - Coyote Creek Elementary	4-Classroom Addition	Apr 30, 2018	100% Complete	Substantially Complete	Jan-21
177 - Grandview Heights Secondary	60-Classroom New School	Oct 10, 2016	100% Complete	Substantially Complete	Sep-21
164 - Sullivan Heights Secondary	28-Classroom Addition	July 10, 2018	100% Complete	89%	Sep-22
218 - Regent Road Elementary	27-Classroom New School	Aug 9, 2017	100% Complete	89%	Sep-22
081 - Holly Elementary	Seismic Upgrade	Aug 27, 2019	100% Complete	95%	Apr-22
090 - George Greenaway Elementary	Seismic Upgrade	Aug 27, 2019	100% Complete	98%	Apr-22
202 - Sunnyside Elementary	10-Classroom Addition	Jan 01, 2020	100% Complete	61%	Oct-22
009 - White Rock Elementary	8-Classroom Addition	Jun 16, 2021	100% Complete	65%	Oct-22
044 - Prince Charles Elementary	Seismic Upgrade	Apr 22, 2020	100% Complete	Substantially Complete	Sep-22
022 - Queen Elizabeth Secondary	Seismic Upgrade	Jul 16, 2020	100% Complete	98%	Sep-22
040 - K B Woodward Elementary	8-Classroom Addition	Jul 27, 2020	100% Complete	56%	Jun-23
188 - Morgan Elementary	8-Classroom Addition	Jul 04, 2019	100% Complete	60%	Mar-23
207 - Ta'talu Elementary	New	Apr 15, 2020	100% Complete	4%	Jan-25
115 - Snokomish	New	Apr 28, 2021	75%		Apr-25
118 - South Meridian Elementary	8-Classroom Addition	Aug 12, 2021	85%		Dec-24
161 - Semiahmoo Trail Elementary	10-Classroom Addition	Aug 12, 2021	35%		Dec-24

Future Developments

- New Secondary (S. Newton) – new site acquisition (pending COA)
- Clayton Elementary-Pending Ministry Support
- Anniedale Area -Pending Ministry Support

FUTURE CONSIDERATIONS – RISKS AND OPPORTUNITIES

Recruitment, Retention and Attraction

We anticipate that the district will continue to experience enrolment growth in the coming years. Continuous growth presents ongoing challenges to both instructional space and staffing capacity. The district will need to continue recruiting teaching and other staff. Recruiting challenges include a lack of qualified candidates for some specialized roles and the continual need to maintain enough Teachers on Call and casual replacement staff to fill in for absences.

Succession planning of key roles is required to adequately plan for and replace potential vacancies in key management, teaching, principal, and vice principal positions. Ongoing efforts are underway to build professional capacity, and to ensure key roles are adequately trained.

Education Funding Model Review - Outcome

The Ministry of Education and Childcare completed their funding model review, and the Government accepted the 22 recommendations put forth. The recommendations will be phased in over the two years and cover three themes to improve upon the existing model: equity, accountability & financial management. The expected implementation timeline is from July 1, 2021, to September 2022. With the phased implementation strategy, there was no change for planning for 2021-22. However, in the future, we will have to develop multi-year financial plans ensuring that those long-term plans align with student educational outcomes and strategic goals. Reporting will need to be more robust and transparent to better reflect accountability. This will entail developing and designing reporting tools that will align with the level of reporting required by the Ministry.

Capital Projects Financing

Despite new school openings and additions that have added capacity for several thousand new students since 2018, the district's capital plan continues to identify the need for additional schools, school additions and site acquisitions. We work closely with the Ministry of Education and Childcare and have been able to provide significant contributions through the current process of jointly financing school construction projects between the Province and the District. As the district's financial reserves decline, we anticipate that our ability to contribute to joint funding of capital projects may be challenged.

Covid-19 – Operations Impact

With the COVID-19 pandemic subsiding now, variants could pose as a potential threat to the delivery of instructional programs to students. A portion of the 2021-22 operating fund balance will be used towards the learning impacts of students affected by the disruption to the educational programs and addressing students' well-being.

Technology Requirements

The pandemic environment served as a catalyst to transform our use of technology to ensure continuity of instruction. Now, students, staff, teachers, and community members are looking to the district to continue to provide modern, robust, technological solutions both centrally and in our schools. As the district continues to grow, there is a need to address our legacy systems to modernize and gain better operational efficiencies and more real time reporting on student progress. Providing the needed technological infrastructure changes requires increased financial resources.

Cyber Security

In today's digital world, a potential cyber-attack is a threat. As systems and infrastructure age, the threat increases. Systems must be kept current to mitigate cyber threats and to run our operations efficiently. The district must carefully monitor operations and educate staff and students about cyber security to ensure that our systems and information are securely protected. Keeping up with the rapid pace of technological change will require additional technical expertise and financial resources that will increase budgetary pressures.

Long – Range Financial Sustainability

Operating deficit spending occurs largely due to steady increases in expenditures with a relatively flat revenue stream. Each year this deficit spending erodes the district's fund balance. The district will need to begin an intensive study of how it allocates resources to ensure recurring expenses are aligned with recurring revenues and designated in a manner that supports the district's mission, vision and strategic plan.

Inflation and Cost Pressures

As with most organizations, the district faces inflationary cost increases. As costs continue to escalate, provincial grant funding remains at the same levels while inflation has increased by 8%. As this trend continues, the district will face increased cost pressure which may require the need to adjust service or program levels.

Collective Agreements

Teachers and unionized support staff collective agreements both expired on June 30, 2022. BC Public School Employers' Association (BCPSEA) has primary responsibility for collective bargaining with the BC Teachers' Association and with CUPE. Labour disruption has the potential to harm the education services delivery to students.

Board of Education Elections

With local school authority elections scheduled for October 2022, a shift in a newly elected Board of Education will require administration to focus on onboarding newly elected Trustees to the organization and support them through this transition.

CONTACTING MANAGEMENT

This financial report is intended to provide the School District's stakeholders with general information on the financial operations of the district for the financial period ending June 30, 2022.

If you have any questions about this financial report, please contact the Office of the Secretary Treasurer at 604-596-7733.

We encourage you to visit and review the Board's strategic vision and plan at <https://www.surreyschools.ca/About/Pages/default.aspx>