



# MANAGEMENT DISCUSSION & ANALYSIS REPORT

**FOR THE YEAR ENDED, JUNE 30, 2024**

---

## 2023-2024 MANAGEMENT DISCUSSION AND ANALYSIS

---

*This Management Discussion and Analysis (MD&A) highlights the operating results of the School District No. 36 (Surrey) for the year ended June 30, 2024. This MD&A should be read in conjunction with the audited financial statements and related notes for the year ended June 30, 2024.*

### TABLE OF CONTENTS

SCHOOL DISTRICT OVERVIEW .....	5
Background .....	5
Board of Education.....	6
GUIDING PRINCIPLES .....	7
STRATEGIC PLAN 2023 – 2028 .....	8
OUR VISION: LEARNING BY DESIGN .....	8
2023-2024 FINANCIAL SUMMARY .....	9
Fund Types .....	9
Current State .....	9
Student Enrollment & Organizational Capacity .....	10
Accumulated Operating Reserve & Budget Contingency .....	11
Labour Related Pressures .....	12
Aging Infrastructure .....	14
Inflationary Impact .....	16
Forward Looking .....	16
Extended Day.....	16
Revised Budget Methodology .....	16
New Enterprise Resource Planning System (ERP) .....	17
BUDGET AND FINANCIAL PLANNING CYCLE .....	18
FINANCIAL STATEMENT OVERVIEW .....	19
STATEMENT OF FINANCIAL POSITION .....	20
Cash & Investments Summary .....	20
Accounts Receivable .....	21
Accounts Payable and Accrued Liabilities.....	21
Unearned Revenues.....	21
Deferred Revenues .....	22
Deferred Capital Revenues .....	22
Employee Future Benefits.....	23
Other Current Liabilities.....	23
Asset Retirement Obligation.....	23

## 2023-2024 MANAGEMENT DISCUSSION AND ANALYSIS

---

Tangible Capital Assets and Amortization Expense .....	23
Prepaid Expenses .....	24
Allocation of Accumulated Operating Fund Balance .....	25
STATEMENT OF OPERATIONS - CONSOLIDATED .....	26
STATEMENT OF OPERATIONS: OPERATING FUND .....	27
Overview: .....	27
Revenues: .....	28
Expenses: .....	29
Salaries Expenses .....	29
Services and Supplies .....	30
STATEMENT OF OPERATIONS: SPECIAL PURPOSE FUND .....	32
STATEMENT OF OPERATIONS: CAPITAL FUNDS .....	33
Local Capital .....	33
Funds Restricted in Local Capital .....	33
Ministry Restricted Capital .....	34
Land Capital .....	34
Other Provincial Capital .....	34
Bylaw Capital .....	34
ACTIVE CAPITAL PROJECTS .....	35
FUTURE CONSIDERATIONS – RISKS AND OPPORTUNITIES .....	36
Financial Sustainability .....	36
Workforce Capacity .....	36
Capital Projects Financing .....	36
Technology Requirements .....	36
Cyber Security .....	37
Inflation and Economic Pressures .....	37
CONTACTING MANAGEMENT .....	38



# SCHOOL DISTRICT OVERVIEW

## Background

Surrey Schools (School District No. 36) is on the shared, unceded traditional territory of the ḱíçáy (Katzie), SEMYOME (Semiahmoo), and q'wá:n'áən' (Kwantlen) Nations.

As the largest school district in British Columbia, Surrey Schools meets the learning needs of over 80,000 students from kindergarten to grade 12 in the City of Surrey, the City of White Rock, and the rural area of Barnston Island, that are enrolled in our 103 elementary schools, 21 secondary schools, 5 learning centres, and a variety of satellite programs, including an online distributed learning program. The District employs more than 12,000 employees, including over 6,500 teachers.

A rich mosaic of cultures is represented within the student population, with over half of our students speaking a language other than English at home. Of the more than 196 languages represented in our schools, the most prevalent spoken at home are English, Punjabi, Mandarin, Hindi, Tagalog, and Arabic. There are also more than 3,000 students of Indigenous ancestry (First Nations, Métis and Inuit) enrolled in our district.

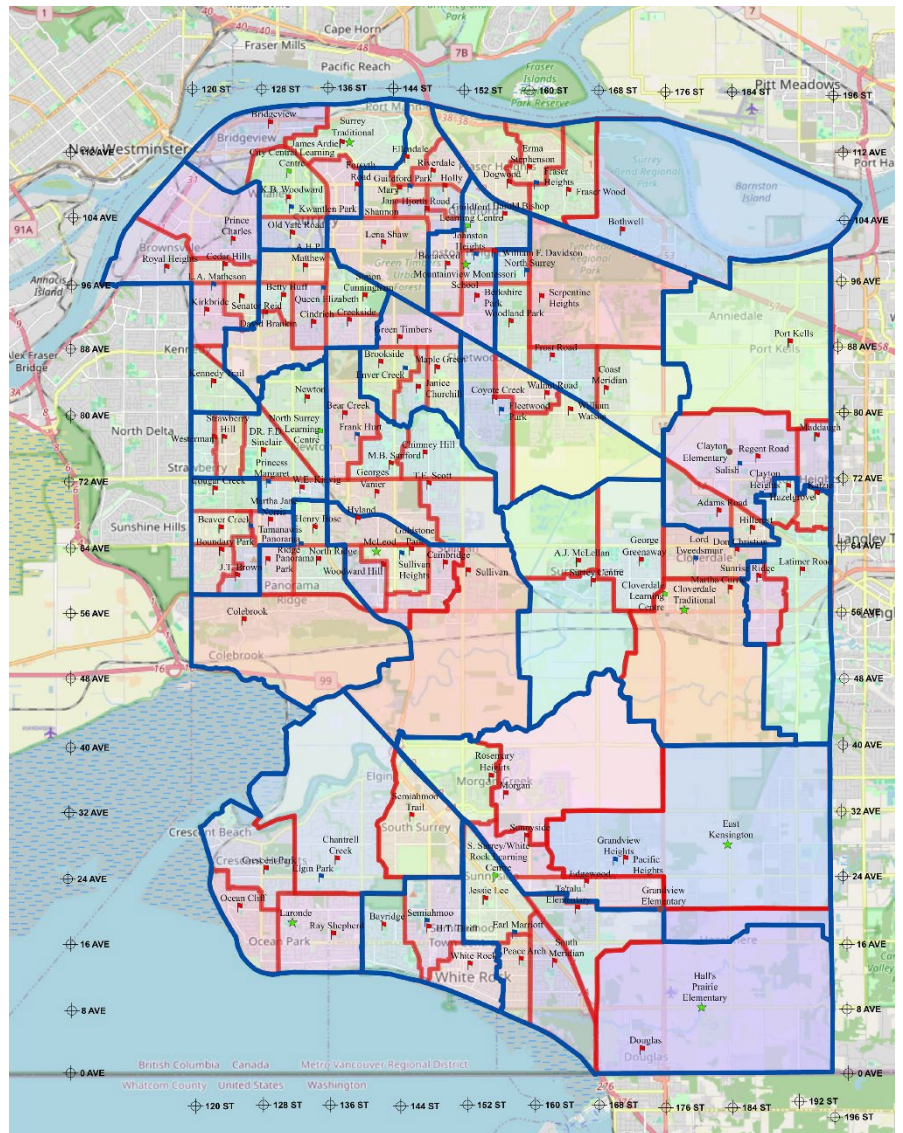


Figure 1

### Board of Education

Surrey Schools (School District No. 36) Board of Education is comprised of elected trustees charged with the governance of the school district including establishing goals, policies, approving the annual budget and yearend financial statements. They are accountable to the provincial government and represent the school district in the communities of Surrey and White Rock. There are currently seven elected trustees.

The Board of Education trustees hold multifaceted roles and carry out many crucial duties, most notably to ensure quality learning opportunities for all students. The Board's responsibilities entail overseeing educational, operational, and ministerial aspects of the District. They advocate for enhanced government funding to meet educational, operational, and capital requirements, as well as promote District initiatives, services and achievements of students and staff.

The Board is committed to prudent use of public funds and fully embraces financial accountability and transparency in support of the District's educational mandate.



Figure 2

### GUIDING PRINCIPLES

The Board of Education budget decisions for the 2023-2024 fiscal year were focused on supporting the District's Vision and Guiding Principles as identified in the District's Learning by Design, Long-Range Facilities, and Education plans.

***We realize our vision through:***

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

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

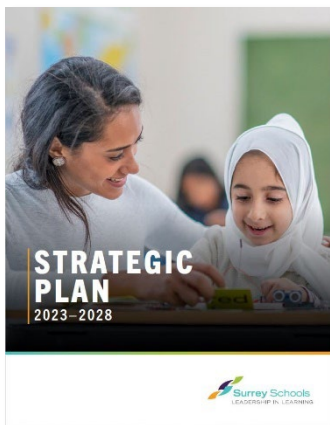
# STRATEGIC PLAN 2023 – 2028

## 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 Vision called *Learning by Design* which is to prepare our learners to think creatively and critically, communicate skillfully, and demonstrate care for self and others. This comprehensive Vision not only encapsulates our core values and beliefs, with a strong emphasis on fostering effective learning and engagement, but also underscores our unwavering commitment to the principles of truth and reconciliation.

The 2023 – 2028 Surrey Schools Strategic Plan has been prepared in alignment with the B.C Ministry of Education and Child Care’s Framework for Enhancing Student Learning and outlines the steps that we are taking to fulfill the District’s Vision.



Our strategic plan offers an insightful glimpse into each area of inquiry, complete with direct links to our Enhancing Student Learning Report. This report serves as a comprehensive resource which provides the evidence to inform and drive how our district vision becomes a reality.

To ensure accountability and transparency, we continually ask ourselves three fundamental questions:

- 1.) How are we doing?
- 2.) How do we know?
- 3.) How does our evidence inform and shape our practice?

The inquiry process is used both at the district level and by individual schools, channeled through their Student Learning Plans, to actualize our District’s Vision. Each of our priority areas of inquiry is reinforced by a wealth of evidence, contextual understanding, and information.



# 2023-2024 FINANCIAL CONTEXT & SUMMARY

## Fund Types

The District's financial statements are reported as a consolidation of three types of funds: Operating, Special Purpose, and Capital, described below. Using different fund types allows the District to clearly track and report on different types of organizational activities, such as day-to-day operations, managing specific initiatives, or building capital projects.

### 1.) Operating Funds

- a. Operation funds are used to support day-to-day District operational activities, e.g., instructional programs, schools, district administration, maintenance of facilities and transportation.
- b. A balanced operating fund budget is when revenues exceed operating expenditures.

### 2.) Special Purpose Funds (SPFs)

- a. SPFs are funds provided by a funder/donor for the sole purpose of carrying out a specific function or initiative. Some examples include: the Feeding Futures program, scholarships, and specific Ministry funded initiatives such as the annual facility grant, classroom enhancement funds, etc.
- b. For SPFs, revenues should equal SPF related expenditures.

### 3.) Capital Funds

- a. Capital funds are provided by the Ministry for capital projects (e.g., construction of new schools or school expansions, land purchases) – generally speaking, capital assets have a useful life of greater than a single year.
- b. Capital funds can be transferred from the District's operating fund for capital purchases such as furniture, equipment, and machinery, not funded directly by the Ministry.
- c. Capital funds, however, should not be transferred to the District's operating fund.
- d. For capital funds, revenues should exceed capital expenditures but variations in the capital fund's balance often arise due to the timing of revenue recognition. Any surplus or deficit in the capital fund does not have an impact on the District's operating fund but will be captured in the consolidated accumulated surplus/deficit balance.

## Current Status of Fund Types

As at June 30, 2024, the District's Consolidated Statement of Operations depicts a total surplus of \$37.3 million, broken down by fund as follows:

	OPERATING FUND	SPECIAL PURPOSE FUND	CAPITAL FUND	CONSOLIDATED
June 30, 2023 Accumulated Surplus Balance	\$10,607,713	\$800,000	\$552,706,635	<b>\$564,114,348</b>
2023-24 Net Surplus/(Deficit)	(889,403)	0	38,237,154	<b>37,347,751</b>
<b>June 30, 2024 Accumulated Surplus Balance</b>	<b>\$9,718,310</b>	<b>\$800,000</b>	<b>\$590,943,789</b>	<b>\$601,462,099</b>

Table 1

The District has operated with a structural deficit in its operating fund for a third consecutive year, reducing its accumulated operating surplus balance to \$9.7 million. The accumulated surplus balances in both the special purpose and capital funds are externally restricted to specific projects and cannot be used to offset deficits in the operating fund.

As noted above, fiscal 2024 represented the third year in a row that the District has had an operating fund deficit which has reduced the accumulated surplus balance from \$46.3 million to just under \$10 million. The following discussion outlines key areas of budgetary pressures that have and continue to contribute to the District’s financial challenges.

**Student Enrollment & Organizational Capacity**

The District continues to experience significant growth, increasing from approximately 73,000 to 80,000 full time equivalent students from 2021 to 2024. In terms of required learning space, an increase of over 2,000 students per year would require adding one secondary and two elementary schools each year. This growth was anticipated by the District through its annual student projections and 5 year capital plan submissions to the Ministry of Education and Childcare; however, capital funding approvals have averaged less than 10% of the requested amounts and building a new school takes approximately 5 years to complete once funding has been approved.

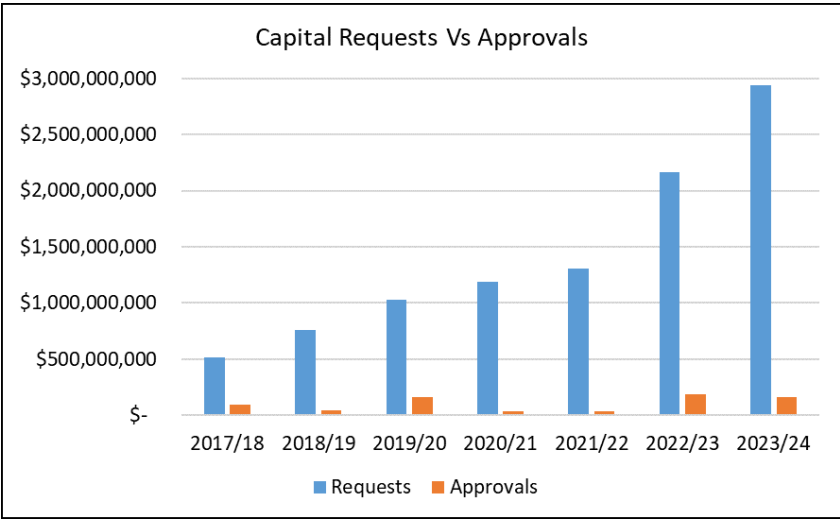


Figure 3

The limited capital funding has placed demands on the District’s infrastructure and operating budget resulting in significant capacity constraints. To address emergent space needs, the District has made a considerable investment from its operating fund for the acquisition and placement of portables. Due to ongoing budgetary pressures, however, the District is no longer in a position to use operating funds to address space challenges that should be mitigated through ministry capital funding – for fiscal 2025, the District will look at educational measures, such as extended day, to help minimize the impact of rapid growth and portables will no longer be considered a viable option.

A further complication of the school capacity challenge is that this has also led to a decreased ability for the District to enhance its international revenue source, one of the few options available to the District to increase

revenue. Moreover, upfront cash outlays for Ministry-funded capital projects have depleted cash reserves, hindering the generation of additional revenue through investment income and creating additional pressures on the operating budget.

Future student projections forecast that enrollment will reach over 85,000 by 2027 which will further strain the District’s capacity due to the lack of timely and adequate capital funding. Conversely, international enrollment is expected to remain static at 880 students, below pre-pandemic levels, due to limited classroom space capacity.

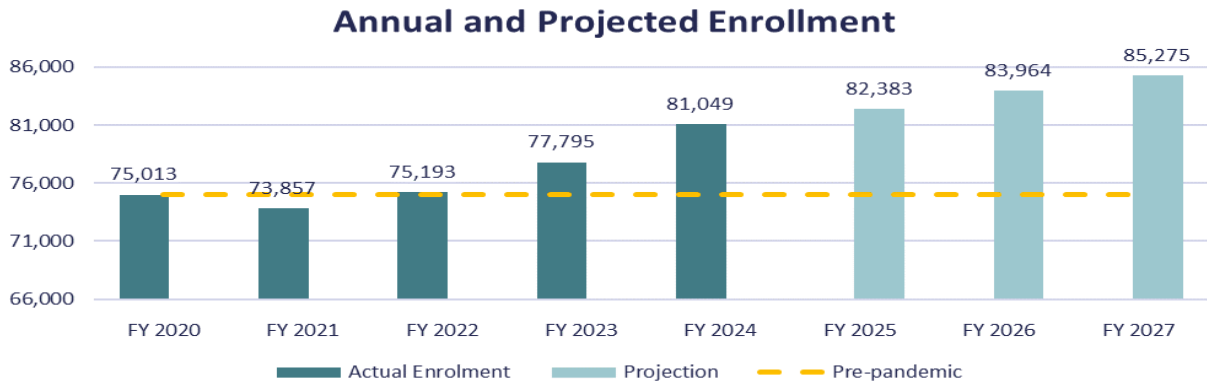


Figure 4

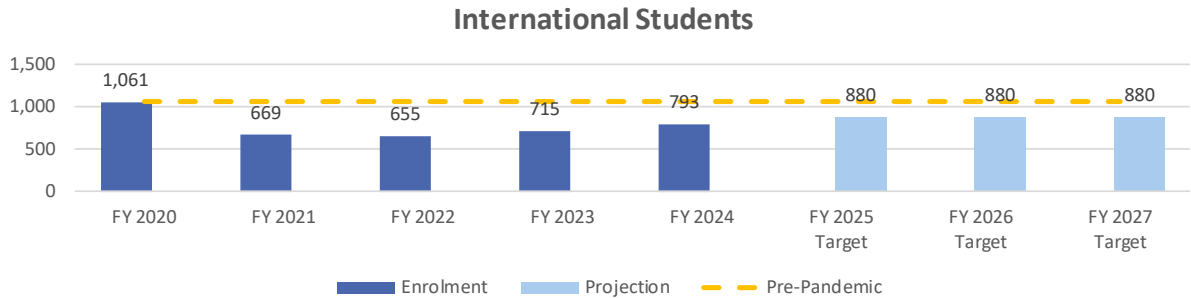


Figure 5

**Accumulated Operating Reserve & Budget Contingency**

Budget best practices recommend having a modest surplus contingency in both the accumulated operating reserve balance and the operating budget to manage financial risk and unforeseen circumstances. This best practice is now mirrored in the Ministry of Education and Childcare’s K – 12 Public Education Accumulated Operating Policy.

In line with best practices and ministry guidance, the District has determined a reasonable target for its accumulated operating reserve balance (i.e. a surplus) of 3% of its operating revenues is appropriate (\$27.6 million based on operating revenue of \$919.8 million). As of June 30, 2024, however, the District’s accumulated operating reserve is only \$9.7 million, representing about 1% of total operating revenues, which is not a sufficient buffer to address unforeseen or emergent circumstances. For the past three years,

the District has relied on its accumulated operating surplus to support its annual operating expenses as expenditures have exceeded revenues, leaving no room for the District to rebuild its accumulated operating reserve. For fiscal 2025, however, the District has a balanced budget, and will no longer be relying on accumulated operating surplus balances to support annual operating expenditures

The District’s fiscal 2025 operating budget does not contain any contingency funds, meaning there is no buffer to manage emergent needs, take on new educational initiatives, or build the accumulated operating surplus. As part of the ongoing transition to a hybrid budget model, which started in fiscal 2023, an in alignment with best practices, the District is committed to including a target of 3% operating contingency in its fiscal 2026 budget.

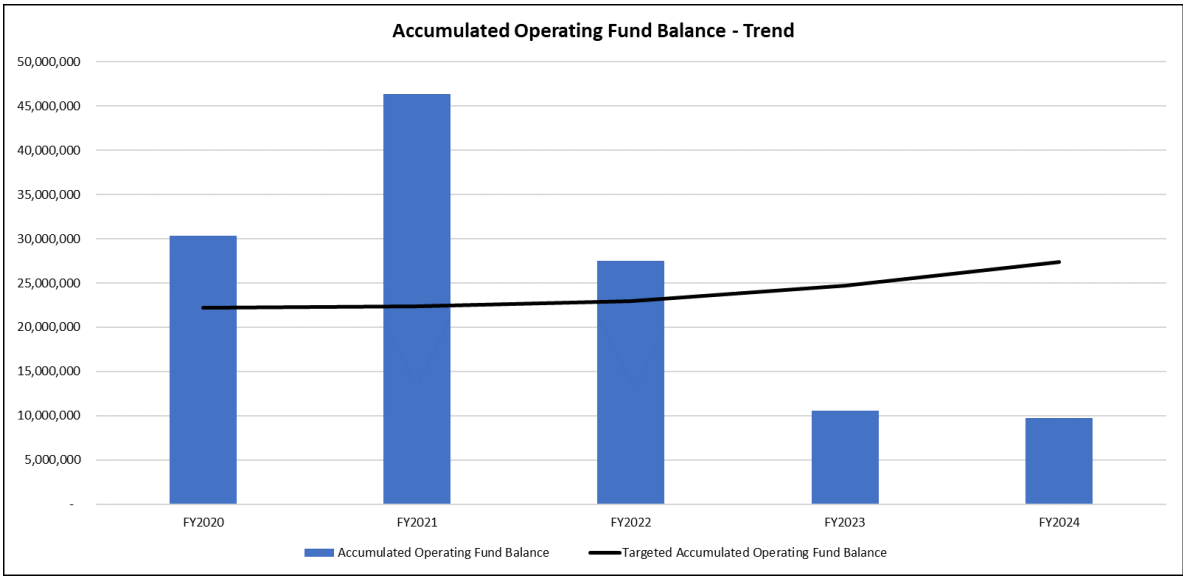


Figure 6

Labour Related Budget Pressures

In 2023-2024, the District employed over 12,000 people. This includes over 7,800 full time equivalent positions, ranging from instructional and classroom support to school buildings and grounds maintenance. Labour costs represent the largest operating expense for the District, consuming approximately 91% of operating revenues. Teachers make up a significant portion of the labour force and total operating expenses, accounting for 54.9% of our budgeted full-time equivalent labour force. A complete breakdown of the District’s 2023-24 budgeted operating labour force is outlined below.



% OF TOTAL 2023-24 BUDGETED FTE

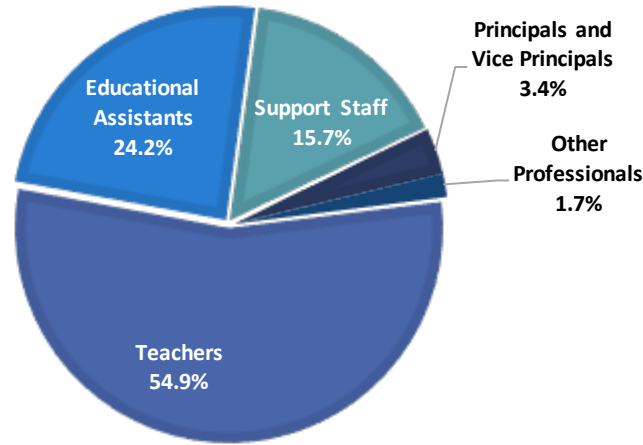


Figure 7

Non-ratioed Teacher Positions

Included in the total number of teaching positions are non-ratioed positions – that is, positions that are not driven by student enrollment per a collective bargaining agreement. These positions, including any union mandated salary and benefits changes, are not directly funded by the Ministry and must be absorbed by the District’s operating budget.

Substitutes

Substitute costs have seen a significant increase over the past four – years due to changes in leave practices implemented during the global pandemic. These costs have increased from approximately \$19.8 million in 2021 to \$40.4 million in 2024 (a change of 104%) which have been absorbed by the District’s operating budget.

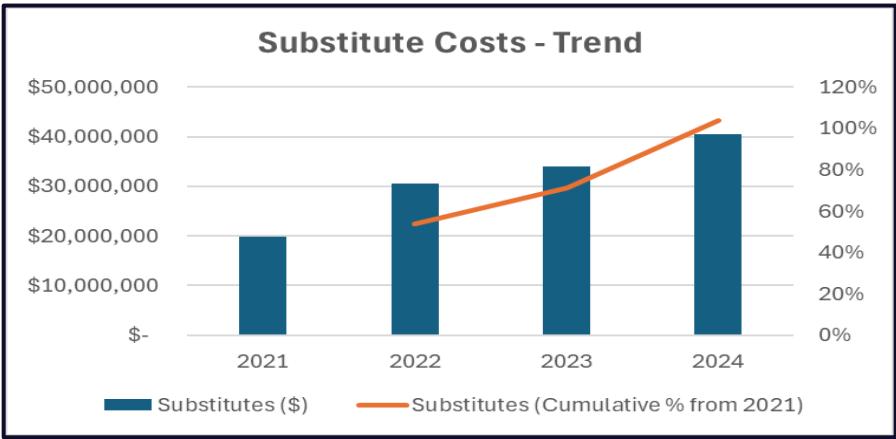
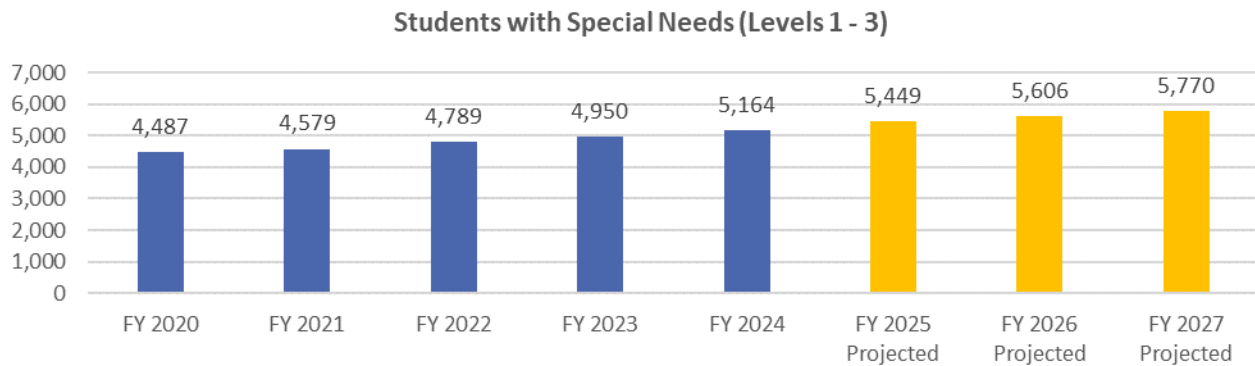


Figure 8

## Special Education

The number of students with special needs has been on an upward trajectory with enrollment expected to reach approximately 5,700 students by 2027. To help support the needs of these students, the District deploys educational assistants and teachers over and above the funding received from the ministerial block rate per student. The Ministry does provide supplemental funding for these students; however, it has been insufficient compared to the growing costs of the special education program. As a result, the District continues to provide approximately \$50 million (or 5%) of its operating budget to support special education.



**Figure 9**

## Non-educational Support

As the District continues to grow, resource constraints have become more pronounced, making it necessary to manage the budget more efficiently. The District's revised budget methodology will align resource allocation with its strategic vision and priority practices, while also prioritizing key areas such as compliance, emergency planning, and the maintenance of its information technology systems. The following outlines the District's allocation of budgeted full-time equivalent labour, by employee category, over the past 6 years.

Budgeted FTE	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY2024
Teachers	4,034	4,098	4,064	4,117	4,203	4,296
Educational Assistants	1,629	1,762	1,840	1,844	1,918	1,898
Support Staff	1,163	1,192	1,194	1,216	1,224	1,231
Principals and Vice Principals	249	254	260	261	264	270
Other Professionals	104	112	112	116	120	136
<b>Total FTE</b>	<b>7,179</b>	<b>7,417</b>	<b>7,470</b>	<b>7,554</b>	<b>7,729</b>	<b>7,831</b>

**Table 2**

## Aging Infrastructure

The District, just like most public sector organizations across BC and beyond, is facing challenges related to its aging infrastructure, from maintenance of buildings to the implementation of systemwide IT solutions. Failure to appropriately maintain capital resources and/or upgrade or replace IT systems could impact the District's ability to provide quality education, maintain operational efficiency, and ensure a safe environment for students, staff, and the community. The following is a summary of some key areas impacted by aging infrastructure:

### *Outdated Enterprise Resource Planning (ERP) System*

Our existing ERP system was implemented in the 1980s and no longer adequately supports the educational and operational requirements, especially in consideration of the rapid growth of the District. For example, the ERP does not support effective data integration across IT platforms, resulting in inefficiencies, such as an increased manual workload for staff, and delays in accessing financial data for decision-making. This lack of integration also leads to decreased productivity, and increases maintenance costs each year due to frequent repairs and temporary fixes. Timely, accurate, and relevant data is integral to making effective operational decisions and for fiscal 2025 the District will be looking at new ERP solutions.

### *Internet Redundancies*

The District's internet infrastructure lacks redundancy, leading to unexpected outages and disruptions in digital learning and administrative functions. This hampers both student learning experiences and operational functions. Each disruption incurs costs associated with downtime and potential need for emergency technical support.

### *Asset Refresh Process*

The District lacks a systematic refresh process to maintain and upgrade its assets which includes everything from technological infrastructure to physical facilities, equipment, and machinery. Currently, the District is only able to set aside approximately \$4.0 million of its operating funds to cover annual capital needs (e.g., technological, physical facilities, vehicles, equipment, and machinery); however, this is woefully insufficient compared to the approximated \$50.0 million needed to adequately maintain and upgrade its assets on a periodic basis. Our transportation fleet is also aging, with many vehicles beyond their optimal service life. Similarly, the result is higher maintenance costs and safety related issues in the absence of adequate budgetary funds.

Overall, the reliance on outdated assets leads to frequent breakdowns, increased maintenance costs, and service delivery inefficiencies. The limited budget available for a dedicated asset refresh process restricts the District's ability to invest in new technologies that can enhance educational outcomes and improve operational efficiency. This will result in the District falling behind in providing students with the modern learning environments they need to succeed.

### *Aging Physical Infrastructure*

The District is facing challenges with its aging physical infrastructure. The significant student growth noted above has placed additional strain on the District's building and facilities. This growth has naturally led to accelerated wear and tear on the existing physical infrastructure. Despite this, the District received \$14.8 million, representing approximately 1% of its total building costs, to maintain and upgrade its schools. This is an insufficient allocation of capital funds to carry out building upgrades, replacement of building components (e.g. walls, roofs, plumbing, etc.), lowering operating costs, and extending the life cycle of buildings that represent a total cost of \$1.6 billion.

As the District's physical infrastructure continue to age, the need for more substantial investment becomes increasingly urgent. Without adequate capital funding, there is a risk of compromising the safety, efficiency,

and functionality of schools. The District continues to advocate for more robust capital funding to address these critical needs.

### **Inflationary Impact**

The District's primary source of revenue, being the Ministry of Education and Childcare operating grants, only reflects funding for labour settlements for teachers and support staff, wage lifts for non-unionized exempt staff, and student enrollments; no additional funding for inflation or other factors is provided.

As a result of the above, the District is grappling with high inflationary pressures which are eroding its purchasing power. Rising costs for good, services, and labour are further straining its operating budget; this creates more challenges to fund new educational & operational initiatives not directly funded by the Ministry. For example, the District's bussing costs are expected to increase by 41% in the next fiscal year based on revised contractual rates. This unanticipated increase will not only strain the existing operating budget but will also reduce the level of service the District is able to provide.

### **Forward Looking**

#### **Extended Day**

As the District navigates the challenges associated with finite funding, it is committed to implementing various strategic solutions to ensure the sustainability and quality of education. Specifically, starting in September 2024, five of the District's most crowded secondary schools will implement an extended day to address capacity challenges. This approach will increase each school's capacity by an estimated 10 – 15% by optimizing available space and ensuring equitable access to shared resources such as classrooms, technology labs, libraries, and metal/wood shops.

#### **Revised Budget Methodology**

The District's revised budget development process, a hybrid approach incorporating elements of zero-based budgeting, will focus on ensuring long-term financial stability and aligning financial practices with its strategic vision. In addition, there will be a focus on appropriate budget management as a performance review metric for applicable employees. This overall approach will guide the District in managing budgetary resources effectively while supporting the organization's long-term educational and operational goals.

#### *Alignment of Expenditures with Revenues / Strategic Allocations*

The budget development process will be designed to ensure that annual expenditures do not exceed annual revenues. This alignment will help maintain financial balance and prevent structural deficits, fostering long-term sustainability. Budget allocations will prioritize initiatives that align with the District's strategic vision and priority practices that are directly funded by the Ministry. Robust risk assessments will also be integrated to identify areas requiring additional focus, ensuring resources are directed towards the most impactful areas.

#### *Targeted Accumulated Operating Reserve & Budget Contingency*

A budget contingency will be incorporated into the budget development process, within annual expenditures, to build a surplus over time. This will allow the District to target an accumulated operating



surplus, approximately 3% of operating revenues, enhancing financial resilience and flexibility. As an adequate accumulated operating reserve balance is built, annual budgeted contingency funds will be released strategically throughout the fiscal year to address areas of District priority.

### *Strategic Allocation of Staff Resources*

To address teacher labour shortages and ensure the availability of certified teachers, the District is making efforts to reallocate non-ratioed teachers (i.e., not directly linked to ministerial funding) into classrooms. This adjustment will ensure certified professionals are in classrooms to provide the highest quality of education, while meeting the demands of increased student enrollment projections. This will also alleviate pressures from the operating budget as these positions are currently within the existing workforce.

### *Hiring “Pause”*

For the 2024-25 fiscal year, the District will implement a hiring “pause” for administrative positions to manage costs and review attrition statistics as an opportunity to optimize workforce allocations. Exceptions will be for critical positions related to Health & Safety and key risk areas.

### **New Enterprise Resource Planning System (ERP)**

The process of implementing a new ERP system is currently underway. The new system will streamline financial processes, improve data accuracy, and provide timely financial information to the District’s leadership team. This technological investment will also improve the District’s ability to manage budgets effectively and enhance its decision-making process.

Through these efforts, the District aims to maintain fiscal responsibility and achieve long-term financial stability, while fostering an environment that supports educational excellence.

## 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 2022 and held several meetings in subsequent months focused on preparing and presenting the 2023-2024 budget to the Board of Education for approval at the May 10, 2023, Regular Public Board Meeting.

The expected student enrolment was submitted to the Ministry of Education and Childcare in mid-February 2023 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 2023. Student enrolment projections were used to estimate staffing and resource requirements.

In December of 2023, the Ministry of Education and Childcare announced the amended operating grant to be allotted to school districts which is based on actual September 2023 confirmed funded student enrolment, and a quarter two forecast was then prepared by the District. This quarter two forecast was adopted by the Board on February 8, 2024 as the “Amended Annual Budget” which is a ministerial reporting requirement that serves as a forecasting tool of District operations toward the fiscal year end.

Moving forward, the District’s future budget development processes will ensure annual revenues offset annual expenditures, without the appropriation of prior year reserves to balance the budget. This will focus efforts towards building the District’s operating reserves to address unforeseen or unanticipated events.

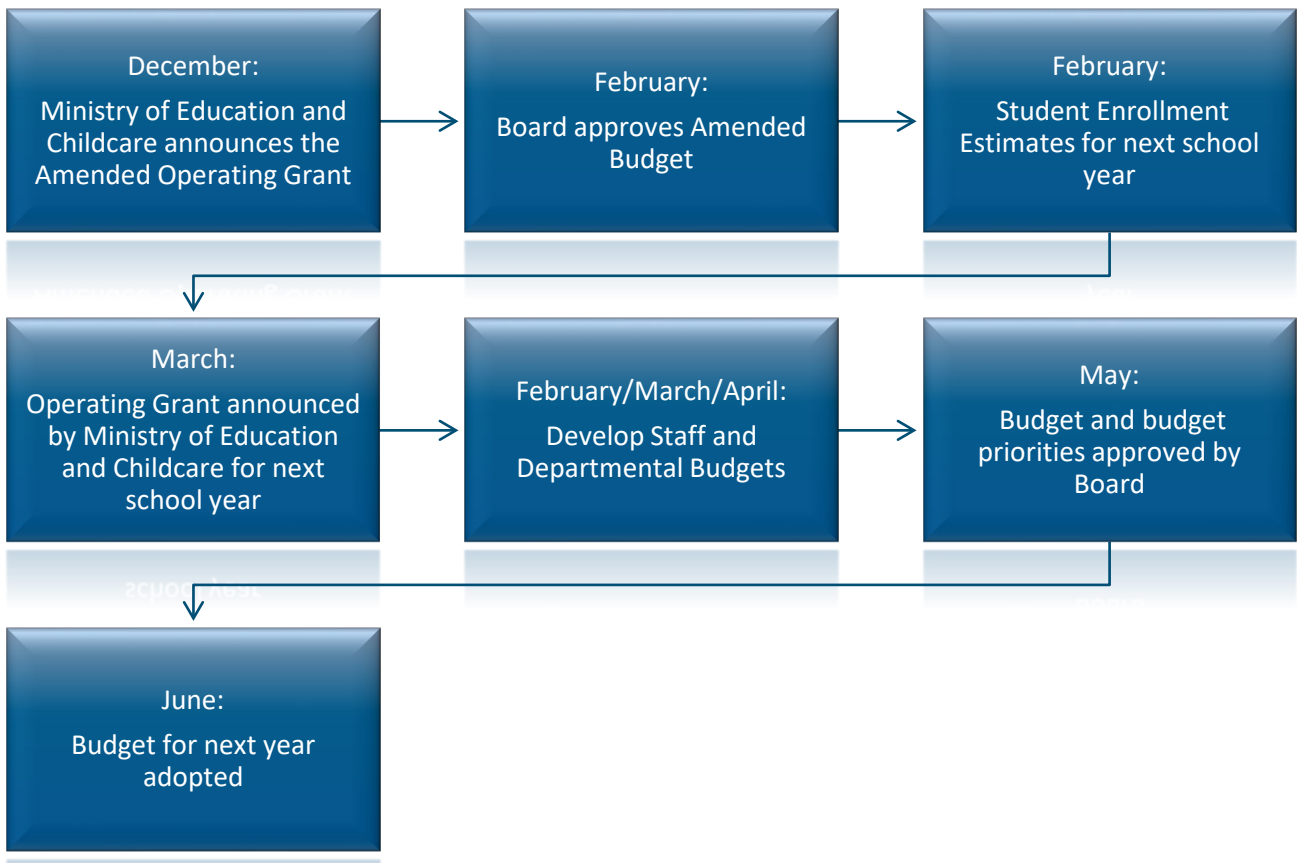


Figure 10

## 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
<b>Statement of Financial Position - Statement 1</b>			
Total Financial Assets	\$207,522,065		\$207,522,065
Total Liabilities	1,083,359,544	(847,938,266)	235,421,278
Net Financial Assets (Net Debt)	(\$875,837,479)	\$847,938,266	(\$27,899,213)
Total Non-Financial Assets	1,477,317,119		1,477,317,119
Accumulated Surplus (Deficit)	\$601,479,640	\$847,938,266	\$1,449,417,906
<b>Statement of Operations - Statement 2</b>			
Accumulated Surplus (Deficit) from Operations, beginning of year	\$564,114,348	\$807,040,172	\$1,371,154,520
Surplus (Deficit) for the year	37,347,751	40,898,094	78,245,845
Accumulated Surplus (Deficit) from Operations, end of year	\$601,462,099	\$847,938,266	\$1,449,400,365

**Table 3**

### 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 District's Net Financial position for the fiscal years ending June 30, 2024, and June 2023. The variances are explained below:

	June 30, 2024	June 30, 2023	Variance	% Change
<b>Financial Assets</b>				
Cash and Cash Equivalents	\$152,952,487	\$163,591,178	(\$10,638,691)	(6.50%)
Accounts Receivable:				
Due from Province - Ministry of Education	5,859,976	7,029,210	(1,169,234)	(16.63%)
Due from Province - Other	69,760	64,800	4,960	7.65%
Due from First Nations	0	98,928	(98,928)	(100.00%)
Other	12,406,297	8,773,549	3,632,748	41.41%
Portfolio Investments	36,233,545	0	36,233,545	
<b>Total Financial Assets</b>	<b>\$207,522,065</b>	<b>\$179,557,665</b>	<b>\$27,964,400</b>	<b>15.57%</b>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities:				
Due to Province - Ministry of Education				
Other	\$20,739,390	\$15,918,252	\$4,821,138	30.29%
Unearned Revenue	13,138,406	13,677,206	(538,800)	(3.94%)
Deferred Revenue	15,001,047	12,024,897	2,976,150	24.75%
Deferred Capital Revenue	873,624,656	814,826,259	58,798,397	7.22%
Employee Future Benefits	11,572,076	11,919,309	(347,233)	(2.91%)
Other Current Liabilities	92,141,064	81,144,248	10,996,816	13.55%
Asset Retirement Obligation	57,142,905	57,207,022	(64,117)	(0.11%)
<b>Total Liabilities</b>	<b>\$1,083,359,544</b>	<b>\$1,006,717,193</b>	<b>\$76,642,351</b>	<b>7.61%</b>
<b>Net Financial Assets (Debt)</b>	<b>(\$875,837,479)</b>	<b>(\$827,159,528)</b>	<b>(\$48,677,951)</b>	<b>5.88%</b>
<b>Non-Financial Assets</b>				
Tangible Capital Assets	\$1,472,314,595	\$1,387,930,887	\$84,383,708	6.08%
Restricted Assets (Endowments)	800,000	800,000	0	0.00%
Prepaid Expenses	4,202,524	2,542,989	1,659,535	65.26%
<b>Total Non-Financial Assets</b>	<b>\$1,477,317,119</b>	<b>\$1,391,273,876</b>	<b>\$86,043,243</b>	<b>6.18%</b>
<b>Accumulated Surplus (Deficit)</b>	<b>\$601,479,640</b>	<b>\$564,114,348</b>	<b>\$37,365,292</b>	<b>6.62%</b>

Table 4

### Cash & Investments Summary

Cash and investments as of June 30, 2024, are summarized as follows:



## 2023-2024 MANAGEMENT DISCUSSION AND ANALYSIS

Cash Position	June 30, 2024	June 30, 2023	Variance
Bank Deposits	\$137,998,778	\$73,971,538	\$64,027,240
Central Deposit - Ministry of Finance	14,953,709	89,619,640	(74,665,931)
<b>Total Cash and cash equivalents</b>	<b>\$152,952,487</b>	<b>\$163,591,178</b>	<b>(\$10,638,691)</b>
Investments	\$36,233,545	0	36,233,545
<b>Total Cash &amp; Investment Assets</b>	<b>\$189,186,032</b>	<b>\$163,591,178</b>	<b>\$25,594,854</b>

*Table 5*

Cash reserves are maintained in the Operating bank account, the school bank accounts, and in the Provincial Central Deposit Program with the Ministry of Finance. In the latter part of fiscal year 2023-2024, the District strategically withdrew funds from its Central Deposit Program to reallocate them into its investment portfolio. This decision was made following ministerial guidance to withdraw remaining capital funds associated with the modular projects. The related expenditures are anticipated to be incurred by early fall of fiscal 2025. The District subsequently invested this excess cash, along with an additional approximated \$10.0 million of existing cash on hand. Moreover, the large cash on hand balance as at June 30, 2024 is also due to timing; the District's other current liabilities amount to \$92 million which is anticipated to be paid early in the new fiscal year, bringing its cash balance down.

### Accounts Receivable

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

### Accounts Payable and Accrued Liabilities

Accounts Payable & Accrued Liabilities is made up of two categories: Due from Province-Ministry of Education and Childcare and Other. The year-over-year increase in payable to Other of \$4.8 million is primarily due to more 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 decrease of \$0.5 million in Unearned Revenues from the previous year (\$13.1 million at June 30, 2024 vs \$13.6 million at June 30, 2023) is due to a slight decrease in deposits for 2024-2025 International Student fees; overall projected international enrollment is anticipated to remain consistent in the next fiscal year.

## 2023-2024 MANAGEMENT DISCUSSION AND ANALYSIS

Unearned Revenue	June 30, 2023	Increase to Unearned Revenue	Revenue Recognized in the Period	June 30, 2024
Tuition Fees	\$13,069,950	\$13,412,481	(\$13,790,295)	\$12,692,136
Rental/Lease of Facilities	607,256	4,564,030	(4,725,016)	446,270
<b>Total Unearned Revenue</b>	<b>\$13,677,206</b>	<b>\$17,976,511</b>	<b>(\$18,515,311)</b>	<b>\$13,138,406</b>

Table 6

### 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 year-over-year change represents an increase of approximately \$2.9 million, due to receipt of additional Student and Family Affordability & Integrated Child and Youth Clinical Counsellors program funds in June 2024. Corresponding expenditures are expected to be incurred in 2024-25.

Deferred Revenues	June 30, 2023	Increase to Unearned Revenue	Revenue Recognized in the Period	June 30, 2024
Provincial Grants - Ministry of Education	\$3,356,258	\$95,684,923	(\$93,588,086)	\$5,453,095
Provincial Grants - Other	733,908	774,657	(792,779)	715,786
Federal Grants	33,320	87,500	(56,024)	64,796
Other Revenue	7,901,411	22,866,376	(22,042,260)	8,725,527
Investment Income	-	79,468	(37,625)	41,843
<b>Total Deferred Revenues</b>	<b>\$12,024,897</b>	<b>\$119,492,924</b>	<b>(\$116,516,774)</b>	<b>\$15,001,047</b>

Table 7

### 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, 2024	June 30, 2023	Change
Deferred Capital Revenue – Opening Balance	\$814,826,259	\$779,678,677	\$35,147,582
Additions – Funding Received in respect of Capital Projects	138,873,654	73,748,822	65,124,832
Current year transfers to revenue (site purchases) and amortization of Deferred Capital Revenue	(80,075,257)	(38,601,240)	(41,474,017)
<b>Closing Deferred Capital Revenue Balance</b>	<b>\$873,624,656</b>	<b>\$814,826,259</b>	<b>\$58,798,397</b>

Table 8

The closing Deferred Capital Revenue balance includes Work in Progress. The Work in Progress amount as of June 30, 2024, was \$48,377,104 (June 30, 2023: \$41,958,896).

### 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 increase of \$11.0 million over the previous year is primarily attributable to (1) an increase in classroom enhancement related remedy minutes in 2024 vs. 2023, (2) teacher lost preparation time increase year-over-year, (3) teachers deferring portion of their payroll over July & August – all of which are accrued at a higher rate than prior year due to collective agreement related wage increases in 2023-2024, and (4) WorkSafe payable increase as a result of higher rates vs. prior year, coupled with an increase in employees year over year.

### Asset Retirement Obligation

Asset retirement obligations (“ARO”) are defined as costs expected to be incurred as a result of the retirement or disposal of a tangible capital asset (“TCA”). This new accounting standard, implemented by the District in fiscal 2022-23, stipulates that a liability must be recognized on the statement of financial position when a legal obligation to incur retirement costs in the future exist. In fiscal 2023-24, the District’s ARO was modestly reduced to \$57.1 million as approximately \$60K of hazardous materials were removed during completion of general maintenance at school sites.

### 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:

## 2023-2024 MANAGEMENT DISCUSSION AND ANALYSIS

	Land/Sites	Building	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Work in Progress (WIP)	2024 Total
<b>Cost</b>								
Beginning of year	\$404,218,877	\$1,580,453,728	\$72,910,652	\$10,616,440	\$481,972	\$18,145,432	\$45,496,483	\$2,132,323,584
Additions	44,042,411	36,918,205	7,856,589	198,066	-	2,108,053	42,532,411	133,655,735
Disposals	-	-	-	-	-	-	-	-
Deemed Disposals	-	-	(3,623,000)	(334,960)	(481,972)	(5,844,739)	-	(10,284,671)
Transfer from / (to) WIP	-	37,321,359	-	-	-	-	(37,321,359)	-
<b>Cost, end of year</b>	<b>\$448,261,288</b>	<b>\$1,654,693,292</b>	<b>\$77,144,241</b>	<b>\$10,479,546</b>	<b>\$0</b>	<b>\$14,408,746</b>	<b>\$50,707,535</b>	<b>\$2,255,694,648</b>
<b>Accumulated Amortization</b>								
Beginning Balance	-	\$700,036,319	\$28,089,271	\$4,981,411	\$433,778	\$10,851,918	-	\$744,392,697
Amortization	-	37,410,870	7,502,744	1,054,801	48,194	3,255,418	-	49,272,027
Disposals	-	-	-	-	-	-	-	-
Deemed Disposals	-	-	(3,623,000)	(334,960)	(481,972)	(5,844,739)	-	(10,284,671)
<b>Accumulated Amortization - Closing</b>	<b>-</b>	<b>\$737,447,189</b>	<b>\$31,969,015</b>	<b>\$5,701,252</b>	<b>\$0</b>	<b>\$8,262,597</b>	<b>-</b>	<b>\$783,380,053</b>
<b>Tangible Capital Assets - Net Book Value</b>	<b>\$448,261,288</b>	<b>\$917,246,103</b>	<b>\$45,175,226</b>	<b>\$4,778,294</b>	<b>\$0</b>	<b>\$6,146,149</b>	<b>\$50,707,535</b>	<b>\$1,472,314,595</b>

Table 9

### Prepaid Expenses

Prepaid expenses include materials and supplies held in Central Stores for use within the District, systems/license renewals, and prepayments of other operational services. The year-over-year increase of \$1.6 million is due to a vendor pre-paid deposit made for the acquisition and installation of prefabricated modulars at District sites.

### 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'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, 2024, the net decrease to the operating fund balance for the year was \$0.9 million, resulting in an ending total accumulated operating fund balance of \$9.7 million.

In line with best practices, the targeted accumulated operating fund balance is approximately 3% of operating revenues (i.e., \$27.5 million for 2024). As the current accumulated operating fund balance is well below this target, expenditures were curtailed in anticipation of this shortfall, as well as district funding levels that are anticipated for the 2024-2025 school year. Risks identified for 2024-2025 include:

- Financial sustainability
- Workforce capacity
- Capital projects financing



## 2023-2024 MANAGEMENT DISCUSSION AND ANALYSIS

- Technology requirements and modernization of business systems
- Cyber Security
- Inflation and cost pressures, including supply chain issues and government policy changes

	Operating Fund	Special Purpose Fund	Capital Fund	June 30, 2024	June 30, 2023
<b>Accumulated Fund Balance (Deficit), beginning of year</b>	<b>\$10,607,713</b>	<b>\$800,000</b>	<b>\$552,706,635</b>	<b>\$564,114,348</b>	<b>\$579,550,112</b>
Prior Period Adjustments					
Changes for the year:					
Surplus (Deficit) for the year	2,927,307	2,373,036	32,047,408	37,347,751	(15,435,764)
Interfund transfers:					
Tangible Capital Assets Purchased	(1,994,886)	(2,308,919)	4,303,805	-	-
Local Capital	(1,821,824)		1,821,824	-	-
Other - Interfund Transfer ARO	-	(64,117)	64,117	-	-
<b>Net Surplus (Deficit) for the year</b>	<b>(\$889,403)</b>	<b>\$0</b>	<b>\$38,237,154</b>	<b>\$37,347,751</b>	<b>(\$15,435,764)</b>
<b>Accumulated Fund Balance (Deficit), end of year</b>	<b>\$9,718,310</b>	<b>\$800,000</b>	<b>\$590,943,789</b>	<b>\$601,462,099</b>	<b>\$564,114,348</b>

**Table 10**

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 \$9.7 million in the Accumulated Operating Fund Balance, \$1.6 million has been internally restricted for the purposes outlined below.

<b>Accumulated Operating Fund Balance Detail</b>	<b>Amount</b>
Indigenous Learners Education Targeted Funds	463,636
Net School Operating Balance	783,725
Early Career Mentorship	400,110
Unrestricted Fund Balance	8,070,839
<b>Accumulated Operating Fund Balance, June 30, 2024</b>	<b>\$9,718,310</b>

**Table 11**

The District has relied on an accumulated operating fund to support its annual operating expenses. As at June 30, 2024, the accumulated operating fund balance equates \$9.7 million which represents approximately 1% of its operating revenues. This is insufficient to address any unanticipated events for the next fiscal year. Consequently, efforts are underway to align annual operating expenses with annual operating revenues, aiming to maintain a sufficient unrestricted reserve fund of at least 3% of operating revenues. This fund will serve to handle unexpected situations without causing any disruptions to educational or operational service.

## 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.

	2024 Budget	2024 Actual	Variance to Budget	2023 Actual	Variance to 2023
<b>Revenue:</b>					
Provincial Grants - Ministry of Education	\$944,322,398	\$1,017,630,464	\$73,308,066	\$875,406,640	\$142,223,824
Provincial Grants - Other	716,000	1,181,579	465,579	1,212,867	(31,288)
Municipal Grants Spent on Sites	-	8,249,192	8,249,192	2,444,943	5,804,249
Federal Grants	3,147,045	3,967,229	820,184	3,567,509	399,720
Tuition	17,558,642	13,790,295	(3,768,347)	12,414,737	1,375,558
Other Revenue	17,384,556	25,769,913	8,385,357	22,628,645	3,141,268
Rentals And Leases	4,251,935	4,725,016	473,081	3,841,234	883,782
Investment Income	9,113,387	6,311,604	(2,801,783)	5,154,427	1,157,177
Gain (Loss) on Disposal Of Tangible Capital Assets	-	-	-	73,088	(73,088)
Amortization of Deferred Capital Revenues	35,347,992	36,032,846	684,854	33,711,301	2,321,545
<b>Total Revenue</b>	<b>\$1,031,841,955</b>	<b>\$1,117,658,138</b>	<b>\$85,816,183</b>	<b>\$960,455,391</b>	<b>\$157,202,747</b>
<b>Expense:</b>					
Instruction	\$869,055,500	\$904,246,108	\$35,190,608	\$816,901,588	\$87,344,520
District Administration	22,121,370	22,301,460	180,090	18,346,806	3,954,654
Operations & Maintenance	144,052,757	144,452,497	399,740	133,423,479	11,029,018
Transportation and Housing	8,724,935	9,310,322	585,387	8,019,282	1,291,040
<b>Total Expense</b>	<b>\$1,043,954,562</b>	<b>\$1,080,310,387</b>	<b>\$36,355,825</b>	<b>\$976,691,155</b>	<b>\$103,619,232</b>
<b>Surplus (Deficit) for the year</b>	<b>(\$12,112,607)</b>	<b>\$37,347,751</b>	<b>\$49,460,358</b>	<b>(\$16,235,764)</b>	<b>\$53,583,515</b>
Endowment Contributions	-	-	-	800,000	(800,000)
<b>Surplus (Deficit) for the year</b>	<b>(\$12,112,607)</b>	<b>\$37,347,751</b>	<b>\$49,460,358</b>	<b>(\$15,435,764)</b>	<b>\$52,783,515</b>

Table 12

## 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, 2024, to the budget for the year and the prior year actual results.

	Budget 2024	Actual 2024	Variance to Budget	Actual 2023	Variance to 2023
<b>Revenues:</b>					
Provincial Grants - Ministry of Education	\$864,090,512	\$888,249,158	\$24,158,646	\$797,181,509	\$91,067,649
Provincial Grants - Other	366,000	388,800	22,800	387,593	1,207
Federal Grants	3,147,045	3,911,205	764,160	3,485,352	425,853
Tuition	17,558,642	13,790,295	(3,768,347)	12,414,737	1,375,558
Other Revenue	2,086,434	3,506,660	1,420,226	2,886,705	619,954
Rentals And Leases	4,146,935	4,611,176	464,241	3,734,334	876,842
Investment Income	8,195,387	5,364,635	(2,830,752)	4,213,724	1,150,911
<b>Total Revenue</b>	<b>\$899,590,955</b>	<b>\$919,821,929</b>	<b>\$20,230,974</b>	<b>\$824,303,954</b>	<b>\$95,517,974</b>
<b>Expenses:</b>					
<b>Salaries</b>					
Teachers	\$418,994,103	\$424,066,765	\$5,072,662	\$389,050,224	\$35,016,541
Principals and Vice-Principals	40,600,751	39,930,011	(670,740)	37,332,281	2,597,730
Educational Assistants	85,124,724	86,739,316	1,614,592	80,454,872	6,284,444
Support Staff	70,496,892	68,849,848	(1,647,044)	64,010,517	4,839,331
Other Professionals	16,120,069	15,622,000	(498,069)	12,797,002	2,824,998
Substitutes	33,633,745	40,489,182	6,855,437	34,069,633	6,419,549
<b>Total Salaries</b>	<b>\$664,970,284</b>	<b>\$675,697,122</b>	<b>\$10,726,838</b>	<b>\$617,714,529</b>	<b>\$57,982,593</b>
Employee Benefits	165,850,330	166,254,778	404,448	150,096,829	16,157,949
<b>Total Salaries And Benefits</b>	<b>\$830,820,614</b>	<b>\$841,951,900</b>	<b>\$11,131,286</b>	<b>\$767,811,358</b>	<b>\$74,140,542</b>
<b>Services and Supplies:</b>					
Services	\$25,458,076	\$26,768,709	\$1,310,633	\$22,100,865	\$4,667,844
Student Transportation	7,074,062	7,946,568	872,506	6,869,148	1,077,420
Professional Development and Travel	2,232,459	2,731,062	498,603	2,236,746	494,316
Rentals and Leases	1,123,571	1,029,988	(93,583)	979,532	50,456
Dues and Fees	1,375,164	1,431,738	56,574	1,361,156	70,582
Insurance	1,797,699	2,009,829	212,130	1,807,215	202,614
Supplies	19,366,831	21,129,912	1,763,081	20,995,078	134,834
Utilities	13,070,670	11,894,916	(1,175,754)	12,905,458	(1,010,542)
<b>Total Services and Supplies</b>	<b>\$71,498,532</b>	<b>\$74,942,722</b>	<b>\$3,444,190</b>	<b>\$69,255,198</b>	<b>\$5,687,524</b>
<b>Total Operating Expense</b>	<b>\$902,319,146</b>	<b>\$916,894,622</b>	<b>\$14,575,476</b>	<b>\$837,066,556</b>	<b>\$79,828,066</b>
<b>Surplus (Deficit) for the year</b>	<b>(\$2,728,191)</b>	<b>\$2,927,307</b>	<b>\$5,655,498</b>	<b>(\$12,762,602)</b>	<b>\$15,689,908</b>
<b>Net Transfers to (from) other funds</b>					
Capital Assets Purchased	(2,885,949)	(3,816,710)	(930,761)	(4,091,758)	275,048
<b>Net Transfers to (from) other funds</b>	<b>(\$2,885,949)</b>	<b>(\$3,816,710)</b>	<b>(\$930,761)</b>	<b>(\$4,091,758)</b>	<b>\$275,048</b>
<b>Total Operating Surplus (Deficit), for the year</b>	<b>(\$5,614,140)</b>	<b>(\$889,403)</b>	<b>\$4,724,737</b>	<b>(\$16,854,360)</b>	<b>\$15,964,956</b>

Table 13

### Overview:

For the fiscal 2023 – 2024, the District’s operations resulted in a deficit of \$0.9 million. Although this an improvement of \$4.7 million from the budgeted deficit and \$16.0 million year – over – year, it is the third consecutive year in which the District has experienced an operating deficit. This has led to the continued reliance of its accumulated operating surplus balance which has declined to \$9.7 million. This is significantly below the District’s targeted accumulated operating surplus balance, 3% of operating revenues (or \$27.5 million for 2024), per budget best practices. Moreover, with no contingency built into the 2024-25 operating budget, the District will need continue its work towards ensuring long term financial stability via aligning annual expenses and revenues and optimizing its budgetary allocations. The discussion below provides further contextual analytics on the current year of operations.

## Revenues:

The District receives 96.61% of its operating revenues from the Provincial Government with 3.39% received through tuition fees, other revenues, and some federal grants.

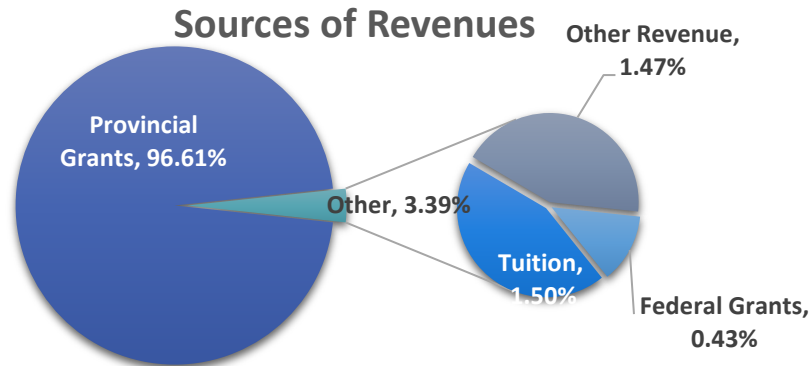


Figure 11

### Analysis of Major Changes in Operating Revenue:

Revenue	Actual to Budget Comparison	2024 to 2023 Comparison
<b>Provincial Grants (MOE and Other)</b>	Operating grant revenue exceeded budget due to higher than projected student enrolment for fiscal 2023-24.	Year-over year increase results primarily from student growth and annual wage settlement increases per collective agreements.
<b>Federal Grants</b>	Grant funding increase due to amendments in existing federally funded Settlement Workers in Schools program.	Increased due to additional federal funds for Settlement Workers in Schools program.
<b>Tuition Revenue</b>	Tuition revenue fell short of budget expectations due to decreased actual international enrolment resulting from classroom capacity limitations.	Increased tuition revenue from the previous year mainly due to slight increase in international student enrolment year over year.
<b>Other Revenue</b>	Revenue exceeded budget mainly due to greater than anticipated revenues generated from school teaching kitchen and filming events, along with a one-time allocation from the Microsoft class action settlement, half of which was received in FY24.	Increased due to one-time allocation from Microsoft settlement case, offset by timing of Certificate of Recognition program incentive payments via WorkSafe BC.
<b>Rentals and Leases</b>	Revenue exceeded budget due to greater than anticipated rental activity at District facilities and Bell Centre.	Increased from prior year due to rental rate increases, coupled with an increase in the number of events booked vs. prior year.
<b>Investment Income</b>	Revenue fell short of budget due to depleted cash reserves attributed to the declining accumulated operating reserve balance; coupled with higher utilization of cash for capital purchases.	Increased from prior year due rising interest rates & enhanced investment activity by the District, relative to the prior year.

Table 14

Expenses:

Salaries Expenses

As a percentage of operating revenues, labour costs amount to 91.53% versus 93.15% in the prior year.

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.

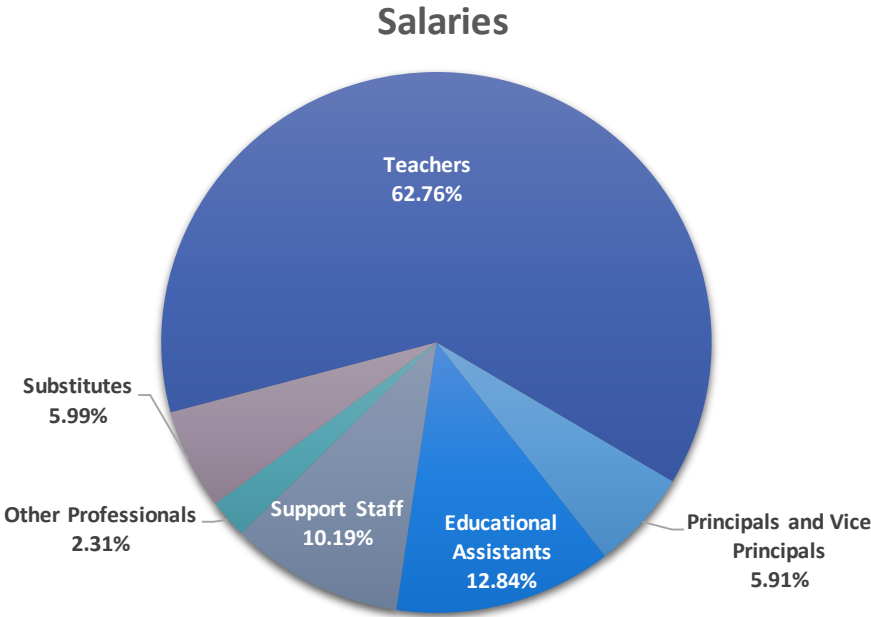


Figure 12

Labour Expense - Variance Analysis Explanations

Labour Expense	Actual to Budget Comparison	2024 to 2023 Comparison
Teachers	Teacher salaries were over budget by \$5.1 million due to additional teachers required for increased school aged student enrolment vs. budgeted, increase in lost prep time and maternity leaves, and increased teacher time required for Adult Continuing Education based on increased enrolment.	The \$35 million increase from the prior year was primarily due to general wage increases of 6.75% and adjustments in the pay grid step from the new collective agreement, and the hiring of more staff based on increased student enrolment.
Principals & Vice Principals	In line with budget expectations.	The increase of \$2.6 million from the prior year is primarily attributable to the annual wage lift and additional positions due to increased enrolment.
Educational Assistants	Educational Assistants salary expenses exceeded budget by \$1.6 million due to anticipated salary savings not materializing and increased usage throughout the year.	The \$6.3 million increase from the prior year is from attributable to wage increases from the new collective agreement and increase

		in budgeted rate due to additional working days in the 2023-24 school year.
Support Staff	Support Staff salaries were under budget by \$1.6 million due to greater than anticipated unfilled positions, coupled with greater than anticipated WCB recoveries & wage recoveries on externally funded projects.	The increase of \$4.8 million is mainly attributable to the wage increases from the new collective agreement (6.75%) and additional positions.
Other Professionals	In line with budget expectations.	The increase of \$2.8 million over the previous year is primarily due to wage increases and additional positions.
Substitutes	Substitute expenses were over budget by \$6.8 million mainly due to greater than anticipated replacement needs for Teachers and Educational Assistants.	The increase of \$6.4 million over the previous year is mainly due to salary increases from new collective agreements.
Employee Benefits	In line with budget expectations. Although salaries exceeded budget, the budgeted weighted average benefit rate was greater than the actual benefit rate incurred on areas trending over budget (Substitutes & Teachers); resulting in benefit costs maintaining relatively consistent with the overall budget.	The increase of \$16 million over the previous year is mainly attributed to increased salary expenses, benefit improvements, and additional positions.

Table 15

Services and Supplies

As shown previously, the bulk of the District’s operating budget is used to cover Salary and Benefit costs with 8.15% remaining to support Services & Supplies. The chart below shows the allocation of Services & Supplies:

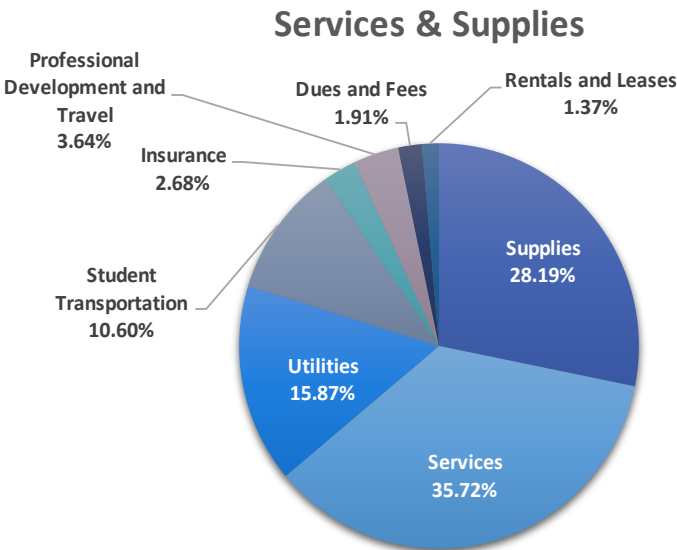


Figure 13



## 2023-2024 MANAGEMENT DISCUSSION AND ANALYSIS

### Operating Expense by Object – Variance Analysis Explanations

Operating Expenses by Object	Actual to Budget Comparison	2024 to 2023 Comparison
<b>Services</b>	Services were over budget by \$1.3 million due primarily to additional portable moves performed during spring break, including site preparation/remediation costs, and costs related to snow removal. This was partially offset by savings realized in various external consultant contracts, and photocopier costs at schools.	Services expenses were \$4.7 million greater than the previous year mainly due to more portable moves in 2024 vs. 2023 and increased snow removal costs year-over-year.
<b>Student Transportation</b>	Student transportation was over budget by \$0.9 million due to greater attendant count, contractual increases, and increased length of time on road.	Student transportation expenses were \$1.1 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.
<b>Professional Development &amp; Travel</b>	Over budget \$0.5 million due to greater than anticipated professional development activity.	\$0.5 million greater than the previous year due to the full resumption of professional development and local travel activities subsequent to the pandemic.
<b>Rental &amp; Leases</b>	In line with budget expectations.	No significant variance from prior year.
<b>Dues &amp; Fees</b>	In line with budget expectations.	No significant variance from prior year.
<b>Insurance</b>	Insurance costs were over budget \$0.2 million primarily due to higher than anticipated uninsured losses, coupled with an increase in insurance premiums.	\$0.2 million greater than prior year due to higher insurance premiums.
<b>Supplies</b>	Over budget by \$1.7 million due to anticipated savings against budget not materializing as a result of a greater usage of budget by schools & departments.	No significant variance from prior year.
<b>Utilities</b>	Reduction in utility costs, \$1.2 million under budget, driven by lower than anticipated consumption due to warmer weather and decrease in rates	Utilities expenses were \$1.0 million less than the previous year mainly due to lower natural gas rates, coupled with less extreme weather events vs. the prior year.
<b>Net Transfers to/from Other Funds</b>	Capital purchases were \$0.9 million above budget due to additional furniture & equipment required for the increase in portables & new schools coming online.	No significant variance from prior year.

Table 16

## 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 funding available, received, and expended on the special purpose grants for fiscal 2024:

MINISTRY OF EDUCATION FUNDING			
Funding Source	FY 2024 Funding Available	FY 2024 Revenue & Expenses	Intended Use
Annual Facilities Grant	2,367,983	2,367,977	Maintenance of Facility Assets
Classroom Enhancement Fund	70,850,878	70,850,878	Classroom Enhancement
Student & Family Affordability	3,796,229	1,825,304	Food Security and Family Assistance
CommunityLINK	4,531,576	4,368,374	Community based expenditures
Learning Improvement Fund	3,177,154	3,177,150	Complex classes that present challenging learning conditions
Provincial Resource Programs	1,211,965	1,180,799	Mental Health & Educational Programming
Early Learning Programs	1,604,670	1,420,237	Early learning development support
Feeding Futures	8,711,614	6,509,644	Food Security
French Immersion Growth	1,017,238	877,955	Funds for French Immersion Growth
OLEP	734,448	697,551	French programs
Early Childhood Education Dual Credit Program	199,308	68,167	Early learning development support
Mental Health in Schools	47,000	47,000	Mental Health
First Nation Student Transportation	46,618	34,276	Transportation needs for First Nation students.
Rapid Response Fund	44,595	-	Covid-19 Safety Plans
Intergrated Child & Youth (ICY) Resiliency	920,266	-	Mental Health and addictions care
OTHER PROVINCIAL/FEDERAL GOVERNMENT			
Funding Source	FY 2024 Funding Available	FY 2024 Revenue & Expenses	Intended Use
Indigenous Ed Windspeaker	110,738	56,024	Indigenous Learner's education program
Gang Prevention (BC)	756,692	541,040	Gang preventions
DONORS			
Funding Source	FY 2024 Funding Available	FY 2024 Revenue & Expenses	Intended Use
Community Schools Other	2,450,121	1,554,125	Community school initiatives
Donations	4,112,552	1,935,367	Donor specific activities (e.g., Instructional, Food)
Scholarships and Bursaries	1,396,955	529,232	Scholarships & Bursaries
Endowments	41,843	-	
OTHER			
Funding Source	FY 2024 Funding Available	FY 2024 Revenue & Expenses	Intended Use
School Generated Funds	21,887,903	17,493,280	School purchases
PAC Contributions	769,405	413,849	School purchases
Safe Schools Programs	205,930	127,260	Gang preventions
Physical Health Education	166,021	83,165	Physical health education
Surrey youth Resiliency	358,120	358,120	Gang preventions and intervention Programs
	<b>131,517,822</b>	<b>116,516,774</b>	

Table 17

## STATEMENT OF OPERATIONS: CAPITAL FUNDS

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

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

Capital Fund	June 30, 2024	June 30, 2023	Variance
Local Capital	\$15,493,278	\$22,676,702	(\$7,183,424)
Ministry Restricted Capital	6,849,053	3,765,342	3,083,711
Land Capital	3,554,403	8,205,075	(4,650,672)
Other Provincial Capital	3,887,737	2,161,905	1,725,832
Bylaw Capital	19,612,283	0	19,612,283
<b>Total Capital Fund</b>	<b>\$49,396,754</b>	<b>\$36,809,024</b>	<b>\$12,587,730</b>

Table 18

### 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 decreased by \$7.1 million mainly due to telecommunications upgrade \$1.0 million, District contributions to capital projects \$4.0 million, purchase of portables \$2.1M and school improvements \$0.2 million.

### Funds Restricted in Local Capital

All funds in the local capital fund are restricted. The School District has \$15.5 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 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, 2024	June 30, 2023	Variance
District Contributions toward Major Capital Projects (includes contingency for project overruns)	\$13,405,251	\$19,129,730	(\$5,724,479)
Telecommunications Upgrade	53,361	1,059,249	(1,005,888)
Climate Action Initiatives	1,185,447	1,274,318	(88,871)
School Improvements and Minor Capital Construction	849,219	1,213,404	(364,185)
<b>Total Funds Restricted in Local Capital</b>	<b>\$15,493,278</b>	<b>\$22,676,701</b>	<b>(\$7,183,423)</b>

Table 19

Existing commitments on the \$15.5 million of local capital funds amount to \$13.4 million and reflect various capital projects including District contributions towards major capital projects.

### 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 from the Ministry. The balance increased by \$3.0 million due to proceeds from surplus Bylaw capital projects \$2.8 million and investment income of \$0.2 million.

### Land Capital

These are funds received from the Cities of Surrey and White Rock for School Site Acquisition charges. The decrease of \$4.7 million is attributable to site purchases of \$8.3 million, offset by funds received for school site acquisition charges \$3.3 million and investment income \$0.3 million.

### Other Provincial Capital

Grants received from the Province to support capital initiatives increased by net \$1.7 million. \$3.6 million additional funds were received for childcare spaces, offset by \$1.9 million in capital additions for the childcare spaces.

### Bylaw Capital

The District received funds from the Ministry to purchase prefabricated modular units. The Ministry advised the District to withdraw the associated funds by June 30, 2024, with the corresponding expenditures to be incurred starting early fiscal 2023-24.

## ACTIVE CAPITAL PROJECTS

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

Active Projects in Construction and Design during the 2023-2024 fiscal year at June 30, 2024:

Site	Capital Project	Date of Approval	Design Complete	Construction Completion	Target Occupancy
047 - Guildford Park Secondary	Addition	Jun 09, 2023	45%	0%	Apr 2028
048 - Kwantlen Park Secondary	Addition	Feb 22, 2023	70%	0%	Jun 2027
055- Lena Shaw Elementary	Modulars	Nov 29, 2023	100%	25%	Jan 2025
061 - Martha Currie Elementary	Pre-Fab addition	Jun 21, 2024	in progress	0%	Sep 2025
115 - Snokomish Elementary	New School	Apr 15, 2021	100%	34%	Oct 2025
118 - South Meridian Elementary	Addition	Aug 25, 2021	100%	68%	May 2025
124 - Old Yale Road Elementary	Pre-Fab addition	pending	PDR	0%	Sep 2025
145 - Woodland Park Elementary	Modulars	Nov 29, 2023	100%	21%	Jan 2025
150 - Tamanawis Secondary	Addition	May 09, 2023	42%	0%	Feb 2029
152 - Walnut Road Elementary	Modulars	Nov 29, 2023	100%	23%	Jan 2025
161 - Semiahmoo Trail Elementary	Addition	Aug 25, 2021	95%	57%	Feb 2025
167 - Fleetwood Park Secondary	New School	Jun 27, 2024	PDR	0%	Jan 2030
175 - Clayton Heights Secondary	Addition	pending	PDR	0%	TBD
177 - Grandview Heights Secondary	Addition	pending	PDR	0%	TBD
183 - Forsyth Road Elementary	Addition	Jun 20, 2024	PDR	0%	Sep 2029
207 - Ta'talu Elementary	New School	Apr 15, 2020	100%	100%	Sep 2024
214 - Darts Hill Elementary	New School	pending	PDR	0%	TBD

Table 20

# FUTURE CONSIDERATIONS – RISKS AND OPPORTUNITIES

## 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. To support its mission, vision, and strategic plan, the district will continue on the course correction of enhanced reporting and forecasting to optimize budgetary resource allocations, strict adherence to the alignment of annual expenses with annual revenues, building a target fund balance to address any unanticipated events, and focus on appropriate budget management as a performance review metric for applicable employees.

## Workforce Capacity

We anticipate that the District will continue to experience enrolment growth in the coming years, coupled with the Fleetwood expansion. Continuous growth presents ongoing challenges to both instructional space and staffing capacity. The District, along with all other Metro/Lower Mainland school districts, is faced with recruiting challenges due to a lack of qualified candidates for both educational and non-educational roles. Concurrently, there is a continual need to maintain enough Teacher 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.

## 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, driven by the anticipated continued enrolment growth. 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. As such, the rapid growth has necessitated the District to explore alternatives, such as extended day at 5 of its most crowded secondary schools, to help manage the increase in student enrollment.

## 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, it is essential to address our legacy systems to facilitate modernization, explore the potential of generative AI technology to enhance operational efficiencies, and achieve 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.

### Inflation and Economic Pressures

As with most organizations, the District continues to adjust to inflationary cost increases. As costs maintain an upward trend, provincial grant funding remains in that it does not cover inflationary factors. In addition, a shift in government priorities could also lead to changes in funding models, all of which may require the District to adjust service or program levels accordingly.

### 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, 2024.

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>