

**School District No. 72 (Campbell River)**  
**Financial Statement Discussion and Analysis**

For the year ended June 30, 2024

# Overview of the School District

School District 72 serves 5,700 students in a large geographic area on Mid-Vancouver Island. It provides services to students through 12 elementary schools, 2 middle schools, 2 high schools, 1 alternate program, a distance learning program and an international program.

Over 400 teachers, 300 Support staff and 50 administrative staff work to provide services to our students.

The board completed a new strategic plan in 2024. The strategic plan has three goals:

- Honour indigenous worldviews and perspectives
- Student-centred learning environments
- Evolving for tomorrow

Our goals are a high-level guide to schools, departments and leaders in creating objectives and focusing resources that align with our vision.

## Financial Highlights

87% of the School District's revenue comes from the Ministry of Education and Child Care. The level of funding is based on enrollment and unique needs for our geographic region. 5% of our revenue comes from Other Revenue which consists of our local education agreements with our local indigenous bands and an agreement with the Conseil Scolaire francophone de la Colombie-Britannique and School Generated Funds. The remaining revenue comes from the recognition of deferred capital grants, international program, leases, investment income and miscellaneous revenue.

81% of our expenses are salary and benefit related. The balance of expenses are related to supplies, contracted services, utilities and amortization.

Financially, we finished the year with a decrease of our accumulated surplus (savings) by \$141,646. The variance of the budgeted deficit of \$702,233 to the \$141,646 actual deficit is due to underspending of the internally restricted reserves that were budgeted but not spent.

# Surplus

Description	Budget	Actual	Difference
Revenue	88,742,972	87,412,731	1,330,241
Expenses	89,445,205	87,554,377	1,890,828
Surplus (Deficit)	(702,233)	(141,646)	(560,587)

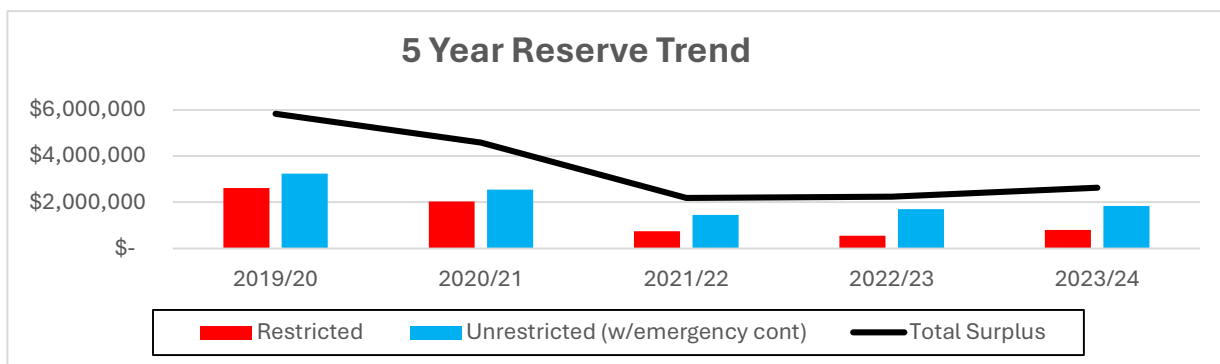
The overall accumulated surplus decrease was impacted by the \$386,019 surplus in operating surplus less the capital surplus decrease of \$527,665.

Description	23/24	22/23	Difference
Accumulated Surplus - Capital	5,829,118	6,356,783	(527,665)
Accumulated Surplus - Operations	2,622,431	2,236,412	386,019
Total Accumulated Surplus	8,451,549	8,593,195	(141,646)

Our combined operating surplus increased from \$2,236,412 to \$2,622,431. \$789,553 of which is internally restricted for specific purposes, \$832,878 is available for emergencies and \$1,000,000 is unrestricted. This year SD 72's operating surplus increased significantly by \$386,019. The internal restrictions increased by \$50,655 while the unrestricted remains unchanged at \$1,000,000. The District continues an emphasis on following the board's governance Accumulated Surplus policy limiting the use of restrictions for ongoing programs and referring new spending requests based on feedback from the budget process. After adjusting budgets to reflect the increasing inflation and sick replacements, the surplus allows the district to rebuild the contingency reserve while also investing in emergent needs. This year's recommendations include \$230,000 in new emergent items and \$138,813 to rebuild the emergency contingency reserve.

Below is the historical use of our reserves over the last four years.

Draw on Reserves 19/20 to 23/24					
(Thousands (\$'000))	19/20 ACTUAL	20/21 ACTUAL	21/22 ACTUAL	22/23 ACTUAL	23/24 ACTUAL
Accumulated Surplus (Deficit), Beginning of Year	\$6,423	\$5,833	\$4,573	\$2,186	\$2,236
Additional use of Prior Year Appropriated Surplus	(\$591)	(\$1,260)	(\$2,387)	\$50	\$386
Accumulated Surplus (Deficit), End of Year	\$5,832	\$4,573	\$2,186	\$2,236	\$2,622



# Operating Accounts

When we look at our operating budget and separate the spending of restricted reserve purchases from the annual operating accounts, we slightly underspent our budget and finished with a \$386,019 operating surplus vs the \$39,796 budgeted.

The 23/24 budget focused on continued recovery from the financial impacts of COVID-19. During COVID-19 inflation was higher than estimated and sick use doubled. When planning the 23/24 amended budget, we increased our estimates appropriately to reflect the ongoing costs of inflation and sick use.

The impact from COVID on reserves was draw down of \$2,000,000 in 21/22. The Board was in a fortunate position to have a large enough reserve on hand to cover these additional expenses with-out reducing services for students mid-year.

Operating revenue increased by \$6,992,731 from 2022/23. The increase consisted of:

- MOECC funding to cover teacher and support staff wage increases of \$5,959,395.
- decrease in international tuition \$20,450
- other revenue increases \$776,014
- from interest income \$93,681.

Operating revenue seemed like a large increase of \$6,992,731 from 2022/23, however, most of the revenue increase was due to wage increases. The “Other Revenues” had a substantial increase of \$776,014 mostly due to new child care fees. It is important to note that the increased expenses of both wages and child care match the reported revenue increases.

## Special Purpose Fund

Our special purpose funds are funds held by the district for a specific purpose. They are provided by third parties with a directive on the use of funds. Due to this restriction they are held in a special fund where they can be reported on a supporting schedule separately from the operating accounts.

In 23/24 our Special Purpose Fund balance increased overall by \$307,343:

- New for 2023/24 is the Feeding Futures program. This program is focussed on improving food programs at school. The total 23/24 funding was \$709,927. With the program beginning this past year, only \$429,541 was spent on food program operations. The remainder \$283,068 will be carried to next year to supplement the 24/25 funding.
- The Student and Family Affordability Grant continued in 23/24 with an additional \$100,000 grant. We combined that grant with the carry forward of \$268,481 to support \$168,708 of program spending in 23/24. The \$200,773 remaining will continue offsetting cost pressures for families in the next school year. This grant is not expected to continue.
- Another new grant for 23/24 is our Early Years to Kindergarten in the amount of \$19,000 to improve early learning experiences for children to better prepare for school entry.

# Capital

We had an active capital spending program in 23/24 with the beginning of our child care centres. In 2022 we received \$8,124,620 of funding approval to build six child care centres in Campbell River and one on Quadra Island. Construction of these sites began in spring of 2023 and are expected to be complete by December of 2024.

Our Carbon Neutral and School Enhancement programs included minor capital projects including roofing and mechanical upgrades.

Our AFG program spending remained the same from the 22/23 year in the amount of \$1,161,686.

Inflationary costs continue to be a concern as the project go to tender. SD 72's approach is to scale back the project to meet the funding. In 2023/24 some projects were scaled back that lead to an underspend from the approved project funding. In these cases, the excess is used for minor cost overruns on other ministry approved projects or it is saved by the district in a Ministry of Education and Child Care Restricted Capital fund for future use. The district must seek the Minister of Education and Child Care's approval to access restricted capital fund. When a project is scaled back the phases that are removed are added to our next year's capital program application.

# Financial Analysis of the School District

<b>Financial Assets</b>	<b>2024 Actual</b>	<b>2023 Actual</b>	<b>Variance</b>	<b>Change</b>
Cash and Cash Equivalents	17,740,067	19,650,334	(1,910,264)	(9.72%)
Accounts Receivable – MOE	1,775,645	107,139	1,668,506	1,557,33%
Accounts Receivable – FN	902,981	626,818	276,163	44.06%
Accounts Receivable	321,515	473,657	(152,142)	(32.12%)
<b>Total Financial Assets</b>	<b>20,740,208</b>	<b>20,857,948</b>	<b>(117,740)</b>	<b>(0.56%)</b>
<b>Liabilities</b>				
Accounts Payable	10,556,370	9,068,685	1,487,685	16.40%
Unearned Revenue	800,461	783,698	16,763	2.14%
Deferred Revenue	1,910,756	1,603,413	307,343	19.17%
Deferred Capital Revenue	68,283,882	64,605,922	3,677,960	5.69%
Employee Future Benefits	1,485,634	1,497,007	(11,373)	(0.76%)
Asset Retirement Obligation	14,157,307	14,157,307	-	0%
<b>Total Liabilities</b>	<b>97,194,410</b>	<b>91,716,032</b>	<b>5,478,378</b>	<b>5.97%</b>
<b>Net Financial Assets (Debt)</b>	<b>(76,454,202)</b>	<b>(70,858,084)</b>	<b>(5,596,118)</b>	<b>7.90%</b>
<b>Non-Financial Assets</b>				
Tangible Capital Assets	84,524,778	78,976,739	5,548,039	7.02%
Prepaid Expenses	414,611	474,540	(59,929)	(12.63%)
<b>Total Non-Financial Assets</b>	<b>84,939,389</b>	<b>79,451,279</b>	<b>5,488,110</b>	<b>6.91%</b>
<b>Accumulated Surplus (Deficit)</b>	<b>8,485,187</b>	<b>8,593,195</b>	<b>(108,008)</b>	<b>(1.26%)</b>

**Reference Notes for the Financial Assets:**

- The increase in Accounts Receivable – First Nations was due to the invoices being delivered later in the fiscal year which with the First Nations not able to pay the Q4 invoice before the end of our fiscal year.
- The Accounts Receivable – MOECC increased because we are waiting for reimbursement for expenditures on our capital projects that are in progress at the end of June.
- Accounts Receivable Other – reduced due to the invoice for SD 93 for tuition was delivered late in the prior year and was not received by June 30, 2023 and remained as a receivable. The SD 93 invoices was paid in the 23/24 fiscal year
- Accounts Payable – the Child Care project is nearing completion meaning there are more vendors working on the project and invoicing for their services.
- Deferred Revenue – A new program called the Feeding Futures fund was provided to school districts to offset rising costs for families. \$268,481 remained unspent leading to an increase in deferred revenue.
- Prepaid invoices decreased due to high cost of renewed licensing for our servers entering year two of a three year pre-payment.

**Statement 2 (Income Statement)**

<b>Revenues</b>	<b>2024 Actual</b>	<b>2023 Actual</b>	<b>Change</b>	<b>Variance</b>
Ministry of Education and Child Care	<b>76,405,329</b>	<b>69,979,683</b>	6,425,646	9.18%
Other Provincial	<b>158,871</b>	-	158,871	100.00%
Tuition	<b>939,264</b>	<b>945,849</b>	(6,585)	(0.70%)
Other Revenue	<b>5,731,124</b>	<b>4,906,519</b>	824,605	16.81%
Rentals and Leases	<b>165,707</b>	<b>154,352</b>	11,355	7.36%
Investment Income	<b>715,226</b>	<b>609,469</b>	105,757	17.35%
Amortization of Deferred Capital Revenue	<b>3,297,210</b>	<b>3,211,775</b>	53,591	1.67%
<b>Total Revenue</b>	<b>87,412,731</b>	<b>79,807,647</b>	7,573,240	9.49%
<b>Expenses</b>				
Instruction	<b>68,003,535</b>	<b>61,311,677</b>	6,691,858	10.91%
District Administration	<b>3,489,152</b>	<b>3,187,835</b>	301,317	9.45%
Operations and Maintenance	<b>13,909,963</b>	<b>13,914,264</b>	(4,301)	(0.03%)
Transportation and Housing	<b>2,151,727</b>	<b>2,022,113</b>	129,614	6.41%
<b>Total Expense</b>	<b>87,554,377</b>	<b>80,435,889</b>	7,118,488	8.85%
<b>Surplus (Deficit) for the year</b>	<b>(141,646)</b>	<b>(628,242)</b>	486,596	(77.45%)

## Schedule 2A - Operating Revenue

	<b>2024 Budget</b>	<b>2024 Actual</b>	<b>Diff \$</b>	<b>Diff %</b>	<b>Reason</b>
Provincial Grants MOECC	68,450,294	68,724,130	273,836	0.40%	On target to budget
Provincial Other – Child Care		158,871	158,871	100.00%	New revenue stream
Tuition	947,050	939,264	(7,786)	(0.82%)	On target to budget
LEA/Direct Funding from First Nations	2,274,059	2,362,502	(88,443)	3.89%	On target to budget
Other School District/Education Authorities	466,191	505,756	(39,565)	8.49%	Enrollment increased
Contracted Services (Student Services)	71,626	71,626	-	0.00%	On target to budget
Miscellaneous revenue	203,600	261,399	57,799	28.39%	BMO and BC Hydro grant rebates
Child Care Fees	658,000	287,671	(371,329)	(56.43%)	All child care fees are budgeted here but MOECC requires provincial funding to be reported as Provincial-Other
Rentals and leases	163,000	165,707	2,707	1.66%	On target to budget
Investment Income	600,000	670,501	70,501	11.75%	Increase in interest rate
<b>TOTAL</b>	<b>\$73,833,820</b>	<b>\$74,146,427</b>	<b>\$312,607</b>	<b>0.42%</b>	



**Schedule 2B - Operating Expense by Object**

	<b>2024 Budget</b>	<b>2024 Actual</b>	<b>Diff \$</b>	<b>Diff %</b>	<b>Reason</b>
Teachers	31,595,279	31,546,363	(48,916)	(0.15%)	On target to budget
Principals & Vice Principals	4,148,617	4,146,628	(1,989)	(0.05%)	On target to budget
Other Professionals	2,237,663	2,337,426	99,763	4.46%	CEF admin costs did not cover budgeted allocation
Educational Assistants	7,132,586	6,579,121	(553,465)	(7.76%)	Short of casual replacement staff at the beginning of the year
Support Staff	7,286,573	7,382,019	95,446	1.31%	On target to budget
Teachers Teaching On Call	1,682,748	1,882,467	199,719	11.87%	Higher sick replacement usage than expected.
Employee Benefits	12,121,696	12,339,757	278,091	2.29%	On target to budget
Services	1,981,032	1,829,238	(151,794)	(7.66%)	On target to budget
Student Transportation	31,860	65,436	33,576	105.39%	Boarding allowance demand higher than estimated
Professional Dues and Travel	791,958	721,217	(70,741)	(8.93%)	On target to budget
Rentals and Leases	72,700	39,379	(33,321)	(45.83%)	Underspent of leased multifunction devices
Dues and Fees	60,900	76,295	15,395	25.28%	Website annual fee
Insurance	182,486	123,781	(58,705)	(32.17%)	Auto premium was paid in the last fiscal year
Supplies	2,580,363	2,524,247	58,116	(2.17%)	On target to budget
Utilities	1,497,155	1,618,897	121,742	8.13%	Increase due to colder winter inflation
<b>TOTAL</b>	<b>\$73,403,616</b>	<b>\$73,272,301</b>	<b>(\$131,315)</b>	<b>(0.18%)</b>	

**Reference Notes for Income/Expense Statement:**

- Both Child Care Fees and Provincial Other – Child Care were impacted by MOECC reporting requirements. We budgeted all Child Care Fees in one account but were informed that we have to report the Provincial child care subsidies separately as Provincial Other – Child Care.
- Other revenue increased in 2023/24 from an increase in school activities that collected funds.
- The increasing interest rates are having a positive impact on SD 72’s investment income. The board saw an increase in interest rates from 0.5% in 2021/22 to 5.7% in 2023/24.
- TTOC costs have increased due to sick usage as well as increased facilitation sessions for district initiatives.

## Reserves – Special Purpose, Year to Year Change

### Statement of Operations - Special Purpose Fund

Program	23/24 This Year Spending	22/23 This Year Spending	Difference	Deferred Revenue Balance	Comments
<b>Ministry of Education Funded</b>					
Annual Facilities Grant (AFG)	263,177	263,177	0	-	
Oasis/Headstart PRP	192,950	172,002	20,948	-	
Strong Start	128,000	128,000	0	-	
Learning Improvement Fund	250,066	211,224	38,842	20,400	Carry forward of unspent funds.
Community LINK program	627,933	591,587	36,346	28,551	Refocused program to compliment the SFAF
French Language (OLEP)	463,405	247,853	215,552	18,408	Received additional grant for programing
Ready Set Learn	34,661	23,301	11,630	16,299	
First Nations Student Transportation	106,710	74,699	32,011	100,735	Extra-curricular bus grant
Mental Health in Schools	9,676	79,397	(69,721)	78,173	Program will be underway next year
Changing Results for Young Readers	9,357	10,808	(9,357)	25,627	
Classroom Enhancement Funding (CEF) (Staffing)	3,860,816	3,408,110	452,706	-	
CEF (Overhead)	319,209	302,568	16,641	-	
CEF (Remedies)	110,391	126,098	(16,545)	-	
Student & Family Affordability	168,708	347,117	(178,409)	200,773	Balance will be spent during the next two years
Feeding Futures	429,541	-	429,541	283,068	Food programs just began operating in 23/24
Early Care & Learning	177,862	172,224	5,638	2,862	
Early Years to Kindergarten	-	-	-	19,737	
Sub-Total	\$7,152,462	\$6,158,733	\$985,823	\$791,771	

Program	23/24 This Year Spending	22/23 This Year Spending	Difference	Deferred Revenue Balance	Comments
<b>Other</b>					
School Generated Funds	2,134,617	2,110,958	23,659	850,212	
Scholarships	51,934	27,965	23,969	156,033	
District Trusts	64,373	54,777	9,596	39,986	
Van Kelp Foundation	-	-	-	72,754	
Sub-Total	2,250,924	2,193,700	57,224	1,118,985	
Schedule 3A Total	\$9,403,386	\$8,352,433	\$1,043,047	\$1,910,756	

## Capital Assets

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### NEW SPACES CHILDCARE CENTRES

- SD 72 was approved for 7 childcare centres at some schools in SD72. The total project received funding for \$8,124,620. Construction on each site is at a different percentage of completion with two sites open and 5 sites between 50% and 95% complete. The project incurred \$6,556,995 in costs by June 30, 2024.

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### SCHOOL ENHANCEMENT FUNDED PROJECTS (SEP)

- Quadra continued with its mechanical upgrades for the east block and gym. The total cost is \$581,889. Budget overage of \$167,947 will be supported by funds from the Ventilation Improvement Program.
- The Heritage Lands Complex is a shared facility with North Island College. A chiller that services the entire building required replacement. SD 72's contribution to the replacement was \$215,884.

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### PLAYGROUND EQUIPMENT PROGRAM

- Pinecrest was funded for a playground replacement in 23/24.

# Capital Assets – Cont’d

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## CARBON NEUTRAL CAPITAL FUNDED PROJECTS (CNCP)

- Southgate has completed phase 2 of its mechanical upgrades costing \$368,368 with contributions from the MOECC of 91,850 and the federal ventilation improvement program of \$367,402.
- Sayward also had a HVAC upgrade completed this year at a total cost of \$210,956. Unused Funds were transferred to the Quadra HVAC project.
- Sandowne has just started its recently approved HVAC upgrade with only \$37,580 being spent of the \$565,930 approved budget before June 30, 2024.

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## BUS ACQUISITION PROGRAM (BUS)

- SD 72 was funded for the replacement purchase of two electric school busses from the 2024 capital plan. The busses have been ordered and are expected to arrive in fiscal 24/25.

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## FEEDING FUTURES PROGRAM (FIP)

- SD 72 was funded capital equipment to support the new feeding futures program. \$80,000 was used to purchase delivery van with the remaining \$20,000 used for school located equipment.

### Capital Budget Summary

Project	Approved Budget	Spent to June 30, 2024	Variance to Approved Budget	Estimated Final Expenditure
Southgate HVAC Phase 2 (CNCP)	\$459,252	\$368,368	\$90,884	\$459,252
Sayward HVAC upgrade (CNCP)	501,410	210,956	290,454	\$333,463
Quadra HVAC Phase 2 - East block & gym (SEP)	413,942	581,889	(\$167,947)	581,889
EV Chargers (CNCP)	65,000	65,000	-	65,000
Timberline Chiller (SEP)	233,108	215,884	78,665	233,108
Sandowne HVAC (CNCP)	603,510	37,580	74,234	603,510
Feeding Futures Delivery Vehicle	100,000	100,000	(67,633)	100,000
<b>Totals</b>	<b>\$2,376,222</b>	<b>\$1,579,677</b>	<b>\$796,545</b>	<b>\$2,376,222</b>

### Local Capital/Surplus

- Utility van for maintenance \$63,065
- Commercial lawn mower \$15,402

# Capital Assets – Cont'd

## ANNUAL FACILITIES GRANT (AFG)

The Annual Facility Grant is funding provided by the Ministry of Education for designated school capital or maintenance upgrades. The following budget summary is provided.

### 2023/24 AFG Projects valued over \$20,000 include:

- Fibre network replacement Carihi Secondary \$24,000
- Water well repairs Cortes School \$75,000
- HVAC pre-design for Cortes School \$91,000
- Exterior wall repaint Ecole Des Deux Mondes \$40,454
- Repair gym floor Phoenix \$76,125
- Classroom renovations \$30,000
- Exterior cladding replacement Ripple Rock \$25,000
- Multi-purpose room renovations Robron \$50,000
- Mechanical controls (DDC) upgrade Sandowne \$46,771
- Roofing section 3 and 4 cost over run Southgate \$46,000
- Restrict roof access Southgate \$75,000
- Window coverings Timberline \$100,000

# Factors Bearing on the School District's Future/Other Potentially Significant Matters

## Fire at Cedar Annex

A fire occurred at a school district leased facility on July 17, 2024. Building reviews are being completed on the repair costs and approval to proceed. Initial estimates identify a repair cost of \$1,900,000 that will be covered by insurance. Cost overruns could be a risk to school district 72 funds. There is uncertainty about the amount of lease revenue that will be collected while the tenant is displaced during repairs.

## Contacting Management

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

If you have questions about this financial report, please contact the Office of the Secretary-Treasurer at 250-830-2300.

You are encouraged to review the Board's strategic plan, financial statements and other documents at <http://www.sd72.bc.ca/Pages/Publications.aspx>.