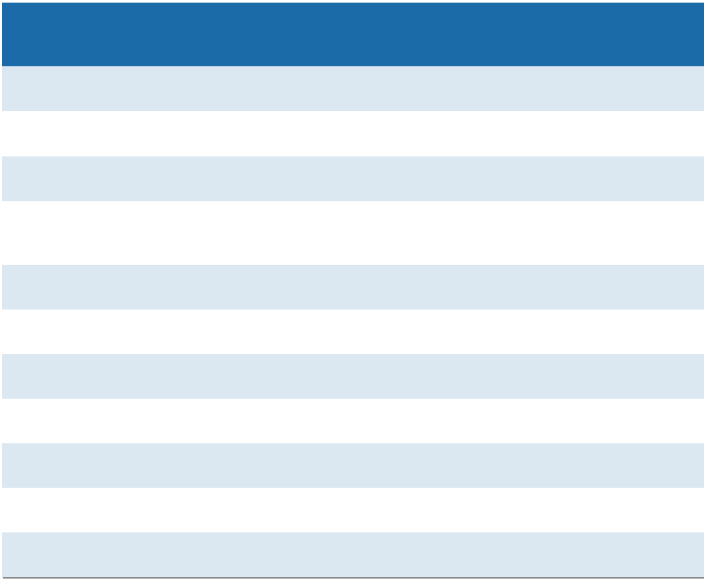


FINANCIAL ANALYSIS ALL FUNDS

FIVE YEAR TREND STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents have fluctuated over the last five years in conjunction with changes in accounts receivable, prepaid expenses, accounts payable, unearned revenue, and deferred revenue. At June 30, 2023, the school district reported \$56.37M in cash and equivalents.

CASH AND EQUIVALENTS (\$ millions)

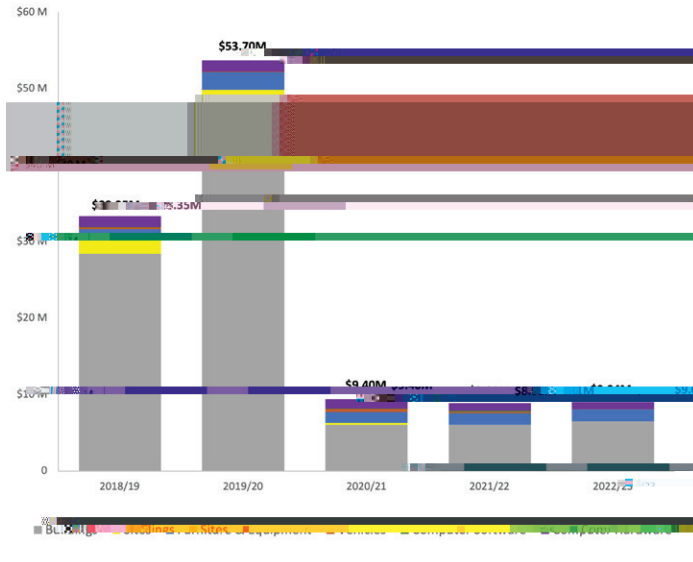


TANGIBLE CAPITAL ASSETS

In addition to current assets and current liabilities, the statement of financial position reports the total tangible capital assets of the district.

TANGIBLE CAPITAL ASSETS

The following chart shows capital asset additions by type; building additions are the most significant tangible capital asset addition in 2022/23.



Capital asset additions fluctuate from year to year based on the capital funding provided by the MECC as well as board approval of projects funded from local capital.

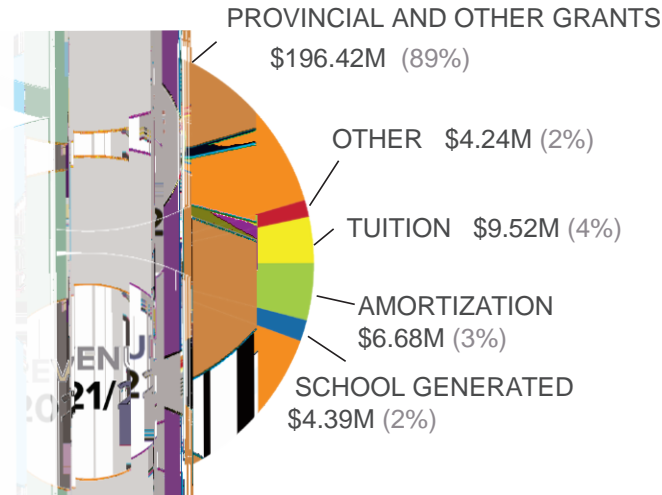
LIABILITIES

Accounts payable and accrued liabilities as at June 30, 2023 have increased from the prior year by \$3.82M primarily due to the increase in accrued salaries, capital project invoices, and accrued remedies under the Classroom Enhancement Fund. Other liabilities include unearned revenue collected for tuition and other fees (down \$0.11M), deferred revenue for special purpose funds (up \$0.22M), deferred capital revenue on capital projects being amortized at the same rate as the related capital assets (up \$3.12M), and employee future benefits (up \$0.09M), and asset retirement obligations. A new asset retirement obligation liability of \$11.31M has been recognized this year on adoption of a new accounting standard, along with a prior period adjustment.

FIVE YEAR TREND STATEMENT OF OPERATIONS

REVENUE

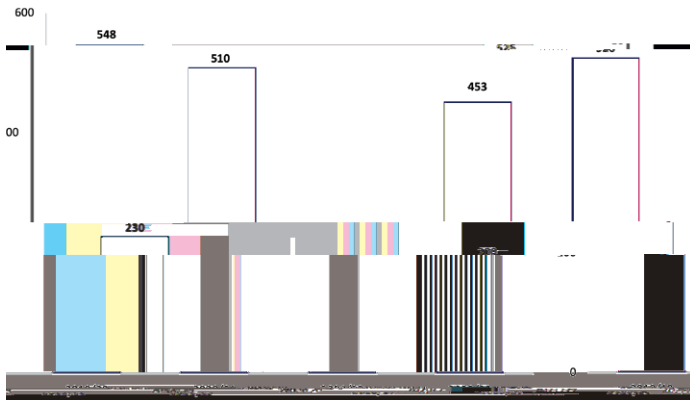
While the school district receives revenue from many sources, the majority of revenue reported on the statement of operations comes from the MECC.



Tuition revenue is from non-resident students attending schools in the district. School generated revenue is raised through

The enrolment history for non-resident students is presented in the following chart. Compared to 2018/19, non-resident student enrolment has decreased by 22 FTE. The 296 FTE increase since 2020/21 is a result of the easing of the COVID-19 pandemic travel restrictions.

NON-RESIDENT STUDENT ENROLMENT



As MECC funded enrolment increases and school utilization reaches 100% across the school district, space available for resident students is reduced, which limits the increase in non-resident student enrolment.

REVENUE BY TYPE

The following charts demonstrate the five-year trend of revenue reported on the statement of operations. All locally generated revenue streams negatively impacted by the COVID-19 pandemic restrictions have improved in 2022/23.

MINISTRY OF EDUCATION AND CHILD CARE OPERATING GRANTS (\$ millions)



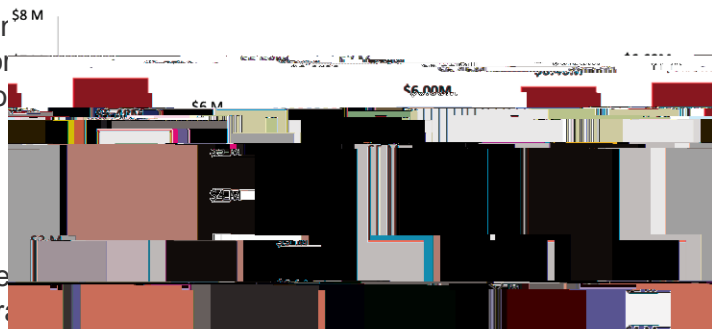
MECC grants are increasing as funded enrolment increases.

TUITION (\$ millions)



Tuition revenue increases as international student enrolment and tuition rates increase.

AMORTIZATION OF DEFERRED CAPITAL REVENUE (\$ millions)



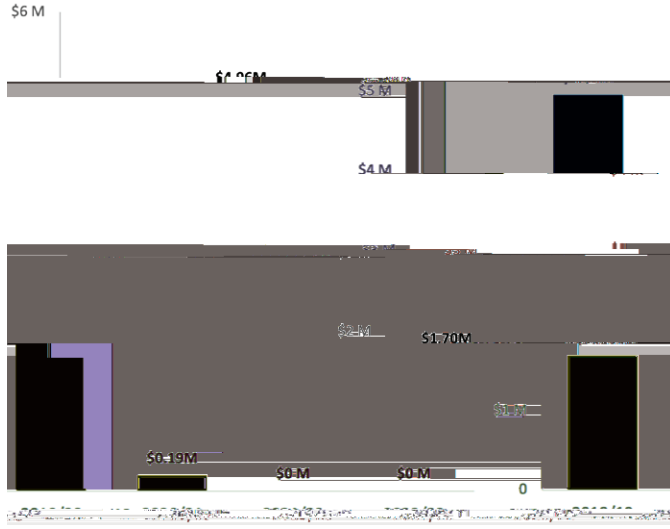
Amortization is non-cash revenue and is accounted for in accordance with the Restricted Contributions Regulation 197/2011 issued by the Treasury Board.

SCHOOL GENERATED FUNDS (\$ millions)



School generated funds are funds raised at the school level through fundraising, cafeteria sales, school store sales, and various other activities.

SCHOOL SITE ACQUISITION REVENUE (\$ millions)



School site acquisition charges are received as housing

and local capital surplus on the schedule of capital operations (Schedule 4). The following charts demonstrate the trend of these appropriations over the last five years.

INTERNALLY RESTRICTED OPERATING SURPLUS (\$ millions)



The most significant component of internally restricted operating surplus is surplus carried forward to fund initiatives that support the achievement of strategic goals in 2023/24 (\$1.63M). The remainder consists of restricted grants (\$1.38M) and other future year commitments (\$1.22M).

The local capital balance contains amounts approved by the board for capital items, as well as the district's contingency reserve for local capital. Major local capital projects identified for future year spending include the new classroom setup (\$3.23M), elementary school capital contribution (\$0.70M), and information technology capital plan (\$0.90M).

LOCAL CAPITAL SURPLUS (\$ millions)



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OPERATING FUND ANALYSIS

At June 30, 2023, there is \$4.23M of restricted operating surplus and there is no unrestricted operating surplus. Details of this restricted surplus are outlined in the following table and Note 16 of the financial statements:

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At June 30, 2023, \$1.87M has been spent on capital building in progress (see Schedule 4B) as follows:

BOARD APPROVED USES OF LOCAL CAPITAL (\$ millions)

Eric Langton Elementary seismic replacement and expansion (\$1.20M)
 Pi Meadows Secondary project definition report (\$0.20M)
 Whonnock Elementary HVAC upgrade (\$0.20M)
 Maple Ridge Secondary Annex capital project fact sheet (\$0.18M)
 New classrooms setup for Golden Ears Elementary and Harry Hooze Elementary (\$0.04M)
 Energy management HVAC study (\$0.02M)
 Annual Facility Grant funded projects (\$0.02M)
 ? " Ý O M Ý J A H Ý Elementary house pole (\$0.01M)

New classroom setup	\$3.23
Information technology capital plan	0.90
Renewal of other facilities	0.74
Elementary school capital contribution	0.70
HVAC upgrades	0.52
Other sustainability upgrades	0.39
Capital planning	0.29
Childcare capital	0.15
Parent portal	0.02
Emergency preparedness	0.01
Virtual boardroom	0.01
Total	\$6.96

During 2022/23, \$5.87M was spent on completed capital building projects (see Schedule 4A) as follows:

New classroom setup at Golden Ears Elementary (\$0.31M), Harry Hooze Elementary (\$0.25M), and other sites (\$0.02M)
 Roofing upgrades at Alouette Elementary (\$1.28M), Edith McDermott Elementary (\$0.44M), Samuel Robertson Technical Secondary (\$0.06 M), Westview Secondary (\$0.72M)
 ? Ý O M Ý Elementary (\$0.27M)
 Gender neutral washroom at Glenwood Elementary (\$0.52M)
 Boiler upgrades at Webster’s Corners Elementary (\$0.99M)
 HVAC upgrades at Garibaldi Secondary (\$0.24M), district education office (\$0.43M), Maple Ridge Secondary (\$0.16M), various schools (\$0.18M)
 Concrete sidewalk and stairs replacement at the District Education Office (\$0.23M)
 Pavement projects at various sites (\$0.10M)
 Other minor projects (\$0.22M)

The Local Capital Fund also contains the contingency reserve.

CONTINGENCY RESERVE

The Board of Education is responsible for ensuring the district is protected financially from extraordinary circumstances that could negatively impact school district operations and the education of students. To discharge this responsibility, the board has established a contingency reserve from available operating surplus, which will be used to mitigate any negative impact such circumstances might cause.

Board policy 4204 Contingency Reserve requires that the district maintain a reserve of at least 1% and not exceeding 3% of operating expenditures. At June 30, 2023, the contingency reserve of \$1.85M represents 1% of 2022/23 budget operating expenditures.

The MECC Restricted Capital Fund balance is \$1.32M at June 30, 2023 (see Schedule 4D) of which \$1.18M is allocated for the Eric Langton Elementary seismic upgrade and expansion project.

The Other Provincial Capital Fund totals \$0.16M at June 30, 2023, (see Schedule 4D) and represents accumulated interest allocations to this fund in previous years, which is restricted to child care capital projects.

The Land Capital Restricted Fund (school site acquisition charges) received contributions and interest in 2022/23 of \$0.41M. The fund ended the year with a balance of \$2.53M (see Schedule 4D).

RISKS AND UNCERTAINTIES

IMPLEMENTATION OF RESTORED COLLECTIVE AGREEMENT

On November 10, 2016, the Supreme Court of Canada (SCC) issued its decision in the longstanding litigation between the BCTF and the B.C. government regarding the deletion of certain BCPSEA – BCTF collective agreement provisions.

On January 11, 2017, the Ministry of Education, the BC Public Schools Employers Association and the BC Teachers Federation signed a Memorandum of Agreement re: Letter of Understanding (LoU) No. 17: Education Fund and Impact of the Court Cases – Priority Measures as the first step in responding to the decision of the Supreme Court of Canada.

On March 10, 2017, the Ministry of Education, the BC Public Schools Employers Association and the BC Teachers Federation ratified a Memorandum of Agreement pursuant to Letter of Understanding (LoU) No. 17 (“the MoA”), to the 2013- 2019 BCPSEA–BCTF Provincial Collective Agreement.

LOCAL CAPITAL

The board’s Local Capital Fund is comprised of previous years’ available operating surpluses transferred to local capital with board approval and proceeds from the disposal of land.

Capital asset additions funded locally are reported in the local capital fund. Balances as at June 30, 2023 of Board approved uses of local capital for future years are presented in the following table and include new classroom setup (\$3.23M), HVAC and other sustainability upgrades (\$0.91M), information technology capital plan (\$0.90M), and renewal of other facilities (\$0.74M).

The Memorandum of Agreement fully and finally resolves all matters related to the implementation of the Supreme Court of Canada decision from the fall of 2016. Since March 2017, steps have been taken by School District No. 42 to ensure the terms agreed to in the Memorandum of Agreement pursuant to Letter of Understanding (LoU) No. 17 (“the MoA”) are implemented for the 2017/18 through to the 2022/23 school year. For 2023/24, additional funding of \$18.97M has been approved by the MECC to offset the costs related to the implementation of the MoA. This will result in additional teacher salaries and benefits (\$18.17M) and related overhead costs (\$0.80M) for the upcoming year. It is anticipated that this additional revenue will not cover all costs related to implementation (e.g. remedy costs could be over \$2M and are not included in the funding announced), which is a significant risk to the financial position of the school district. Stringent oversight and analysis will be implemented to understand, communicate, and mitigate the financial risks associated with this continued implementation.

ENROLMENT AND STAFFING GROWTH

With the implementation of the MoA resulting in smaller class sizes, a greater number of teacher FTE will need to be added than would previously have been required. As the district grows,