

# Financial Statement Discussion and Analysis

2021-2022



New  
Westminster  
Schools

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## INTRODUCTION

The following Financial Statement Discussion and Analysis should be read in conjunction with the audited financial statements and accompanying notes of School District No. 40 (New Westminster) (the “District”) for the year ended June 30, 2022.

The purpose of the Financial Statement Discussion and Analysis is to summarize the financial performance of the District for the year ended June 30, 2022 and provide explanations that enhance the reader’s understanding of the District’s financial statements.

The financial statements represent the consolidation of three separate funds (operating, special purpose and capital). Financial performance of each fund is reported in the unaudited supplementary schedules that accompany the financial statements.

The 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 Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

Significant accounting and reporting policies are summarized in Note 2 of the financial statements.

The preparation of the Financial Statement Discussion and Analysis is the responsibility of management.



## DISTRICT OVERVIEW

The District recognizes and acknowledges the Qayqayt First Nation, as well as all Coast Salish peoples, on whose traditional and unceded territories we live, we learn, we play and we do our work.

The District was established on April 12, 1946 and operates under the School Act of British Columbia as a corporation under the name of “The Board of Education of School District No. 40 (New Westminster)”. The School District is governed by a board of education that is made up of seven elected trustees for a four-year term.

A wide range of programs and services are delivered to approximately 7,000 students through

- 8 Elementary Schools
- 3 Middle Schools
- 1 High School
- Youth Alternate Programs
- Home Learners
- International Education
- Adult Education

The District employs close to 1,000 teaching and support staff who are dedicated to supporting student success.



## OUR VISION, MISSION AND VALUES

### VISION

A place where students love to learn

### MISSION

To enable each student to learn in a safe, engaging, and inclusive environment

### VALUES

#### Collaboration

- ✓ Purposeful, cooperative relationships to achieve shared goals and consider each other in our decisions and actions

#### Engagement

- ✓ Meaningful, purposeful, and relevant learning

#### Equity

- ✓ Fair treatment and removal of barriers to learning, achievement, and the pursuit of excellence for all

#### Inclusion

- ✓ Learning where all people are welcomed, respected, and supported

#### Innovation

- ✓ Curiosity, inquiry, and creativity

#### Integrity

- ✓ Ethical, principled, and honest in our words and actions

In 2019 the District launched its five-year strategic plan – a roadmap for learning and engagement that is grounded in the collective wisdom of our students, staff, parents and community.

The plan is built around four key directions: our commitment to transform student learning, build meaningful relationships, ensure full participation in learning and lead into the future. It's a plan that affects and reflects all the work we do, from looking at what happens inside our classrooms to outlining the ways we reach into community to be better partners, allies and supports to the people we live, play and work alongside.

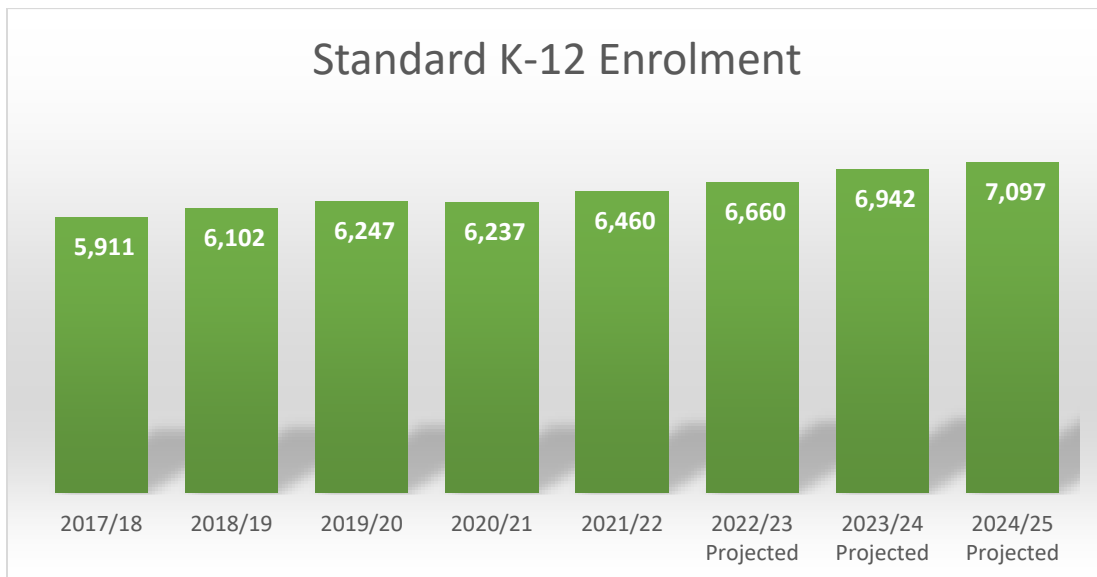


## ENROLMENT

The District is funded primarily through an operating grant received from the Ministry of Education and Child Care (the “Ministry” or “MECC”). The grant is based on student enrolment which is compiled through a data collection process called 1701 in September, February, May and July. The District receives a fixed amount per full-time equivalent (“FTE”) student. The District also receives supplementary grants for students who are identified as having unique needs and for other demographic and geographical factors.

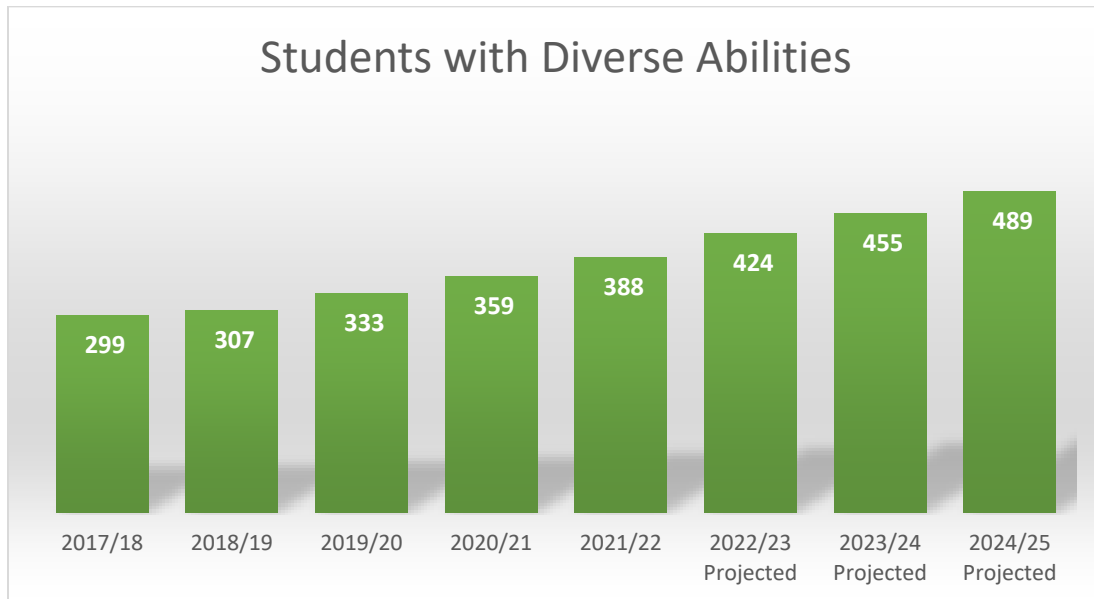
District staffing levels are driven directly by student enrolment. Since salaries and benefits make up approximately 92 percent of District operating expenses, reliable enrolment data is essential for financial planning. Each year the District completes an analysis of historical enrolment and student retention trends and reviews population data and new municipal development approvals to develop an estimate of elementary, middle and secondary student FTE for the ensuing three budget years.

The below bar graph shows standard K-12 school enrolment as of September each year and does not include continuing education, alternate schools, distributed learning, home schooling, adult or supplemental enrolment.



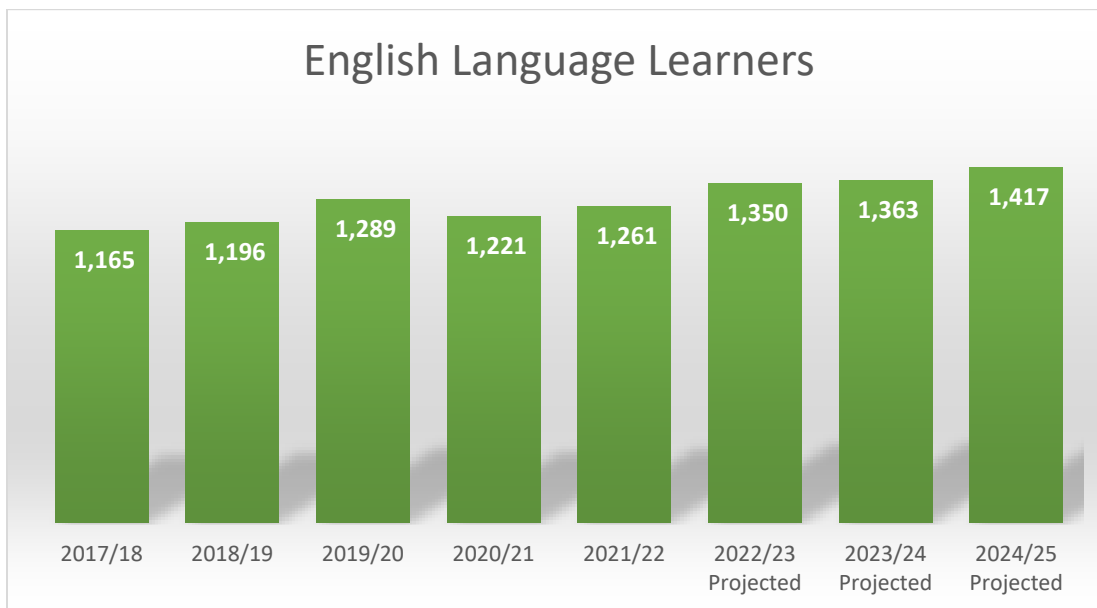
Standard K-12 enrolment has been increasing at a steady rate over the past five years, with the exception of 2020/21 where a slight decrease was seen as a result of the COVID-19 pandemic. The most rapid rate of enrolment growth is expected over the next five years with a 3% increase projected for 2022/23.

The below bar graph shows the enrolment for those students designated with Level 1, 2 and 3 special needs as of September of each year.



Students with diverse abilities has steadily increased over the past five years with an 8% increase in each of the last 3 years. This enrolment is expected to continue to increase for the next 3 years with a 9% increase projected for 2022/23.

As the below graph shows, there was a decrease in English Language Learners (“ELL”) in 2020/21, coinciding with the decrease in standard K-12 enrolment as seen above. ELL enrolment for 2022/23 is expected to increase back to pre-2020/21 levels with smaller percentage increases in subsequent years.



## FINANCIAL REPORTING

To meet the financial reporting requirements, the following funds are utilized:

**Operating Fund:** The operating fund includes operating grants and other revenues used to fund day-to-day operations including instructional programs, school and district administration, facilities operations, maintenance, and transportation.

**Special Purpose Fund:** Special purpose funds consist of targeted funding provided to the District for a specific purpose. Pursuant to sections 156(4) and (5) of the School Act, each special purpose fund must be accounted for in accordance with the terms of that special purpose fund.

**Capital Fund:** Capital funds include capital expenditures related to equipment and facility purchases and enhancements. The funding source of these purchases and enhancements determines to which capital fund the expenditures will be charged. Funding sources include MECC Bylaw Capital, MECC Restricted Capital, Other Provincially Restricted Capital, Land Capital as well as Local Capital.

### COVID-19 Pandemic

The COVID-19 pandemic has had a remarkable impact on all areas of life, including teaching and learning. This continued to impact the operations of the District for 2021/22, with the financial impacts detailed in the below analysis. Although we anticipate the most significant shocks of the pandemic being behind us as we head into the 2022/23 year, the ongoing impact of the pandemic on education and social-emotional wellbeing of staff, students and their families will continue to be a priority.





## OPERATING FUND

### Revenues

In 2021/22, 96% of revenue reported in the operating fund was received from MECC. District operating revenues for 2021/22 were \$215,862 greater than budget and \$2,955,024 greater than prior year. Below are the details of the revenue increase by category.

	Actual		Budget	Actual to Budget		Actual to Prior Year	
	2021/22	2020/21	2021/22	\$	%	\$	%
MECC Grants	68,933,810	66,577,233	68,846,326	87,484	0.1%	2,356,577	3.5%
Other Provincial Grants	82,907	69,159	78,688	4,219	5.4%	13,748	19.9%
Tuition	2,226,685	1,859,214	2,170,840	55,845	2.6%	367,471	19.8%
Other Revenue	289,088	90,743	217,036	72,052	33.2%	198,345	218.6%
Rentals	319,768	251,367	279,667	40,101	14.3%	68,401	27.2%
Investment Income	156,161	205,679	200,000	(43,839)	-21.9%	(49,518)	-24.1%
<b>Total Operating Revenues</b>	<b>72,008,419</b>	<b>69,053,395</b>	<b>71,792,557</b>	<b>215,862</b>	<b>0.3%</b>	<b>2,955,024</b>	<b>4.3%</b>

### Ministry of Education and Child Care Grants

The increase in MECC grants to budget is attributed to higher than expected enrolment for continuing education and online learning. This was partially offset by lower than budgeted enrolment for graduated adults.

The increase from prior year was driven by several factors. There were significant increases relative to September enrolment count in 2021/22 compared to 2020/21. Total enrolment based funding for September increased by \$4.88 million due to increased enrolment for standard K-12 and Level 2 designated students with unique needs as well as increases to the per FTE funding levels. This is offset by teachers' labour settlement funding of \$1.9 million and early career mentorship funding of \$150,000 received in the prior year and not the current year. Additionally, funding for graduated adults decreased by \$274,000 from prior year.

Below is a table detailing the per-student funding rates and supplemental funding for unique students and unique factors affecting some districts for 2021/22.

**Provincial Totals**

**76%** allocated through the Basic Allocation

<b>Basic Allocation</b>	
Common per student amount for every FTE student enrolled by school type	
<b>Standard School:</b> \$7,885 per school age FTE	<b>Continuing Education:</b> \$7,885 per school age FTE
<b>Alternate School:</b> \$7,885 per school age FTE	<b>Distributed Learning:</b> \$6,360 per school age FTE

**16%** allocated to recognize unique student enrolment

<b>Unique Student</b>		
Additional per student funding to address uniqueness of district enrolment and support additional programming		
<b>Level 1 Special Needs:</b> \$44,850 per student	<b>Level 2 Special Needs:</b> \$21,280 per student	<b>Level 3 Special Needs:</b> \$10,750 per student
<b>English/French Language Learning:</b> \$1,585 per student	<b>Indigenous Education:</b> \$1,565 per student	<b>Adult Education:</b> \$5,030 per FTE
	<b>Equity of Opportunity:</b> Mental health; youth in care	

**8%** allocated to recognize unique district factors

<b>Unique District</b>				
Additional funding to address uniqueness of district factors				
<b>Small Community:</b> for small schools located a distance away from the next nearest school	<b>Low Enrolment:</b> for districts with low total enrolment	<b>Rural Factor:</b> located some distance from Vancouver and the nearest large regional population centre	<b>Climate Factor:</b> operate schools in colder/ warmer climates additional heating or cooling requirements	<b>Sparseness Factor:</b> operate schools that are spread over a wide geographic area
<b>Student Location Factor:</b> based on population density of school communities		<b>Supplemental Student Location:</b> Level 1 and 2 special needs enrolment		
<b>Salary Differential:</b> Funding to districts that have higher average educator salaries				

**0.3%** allocated to buffer the effects of declining enrolment

<b>Funding Protection / Enrolment Decline</b>	
<b>Enrolment Decline:</b> funding to districts experiencing enrolment decline of at least 1% when compared to the previous year	<b>Funding Protection:</b> funding to ensure that no district experiences a decline in operating grants greater than 1.5% when compared to the previous September
<b>CSF Supplement</b> – district receives a 15% funding premium on allocated funding	



### **Other Provincial Grants**

Other provincial grants have remained consistent with budget and prior year. Included in the current year is a \$9,900 grant for ERASE (“Expect Respect and a Safe Education”) which accounts for the increase.

### **Tuition**

Tuition revenue consists of fees for summer learning, continuing education and international education. The District was on budget for these in 2021/22.

The increase from prior year is directly related to the increase in FTE for the international education program. The COVID-19 pandemic and limited mobility due to international border restrictions impacted enrolment to the program in 2020/21. With the lifting of some restrictions, the program saw an increase in FTE for the current year, with further recovery anticipated for 2022/23.

### **Other Revenue**

Other revenue consists of miscellaneous items such as one-time unrestricted grants, donations and instructional cafeteria revenue. The increase compared to budget mainly results from an increase in physical literacy grants received.

The cafeteria revenues increased by \$120,000 due to the opening of the new high school in January 2021 and a return to full-time instruction with students now able to access cafeteria services. The remaining \$78,000 increase is a result of the increase in one-time grants and donations received in the current year.

### **Rentals**

Rental revenue is generated from short-term rentals of sites and facilities to individuals and community groups. During budgeting, there was still uncertainty relating to the impact of the pandemic on facility rentals. Small increases compared to budget and prior year were a result of more rentals as pandemic restrictions were lifted.

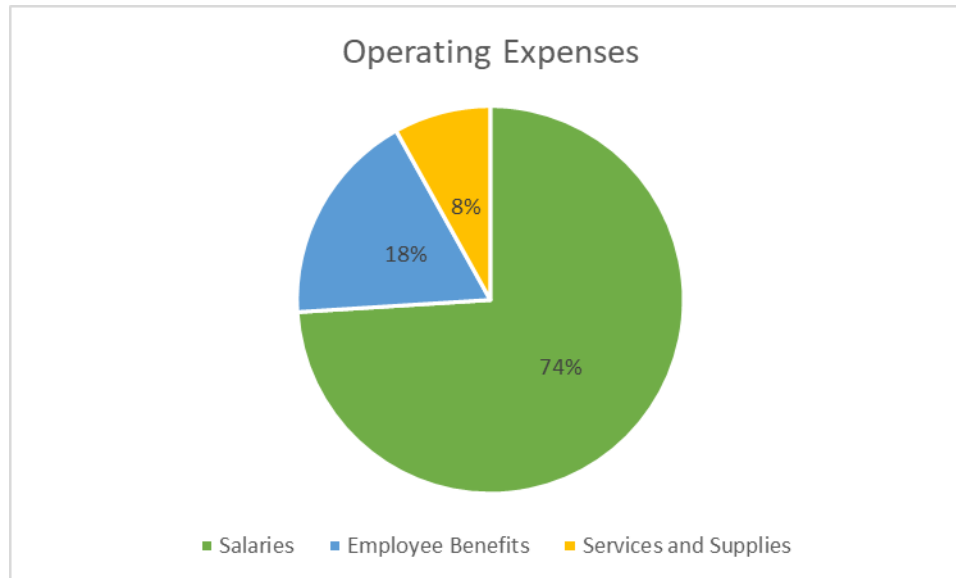
### **Investment Income**

Investment income consists of interest accrued on the District’s bank account balances and short-term investments in the Central Deposit Program. The Central Deposit Program allows the District to invest funds with the provincial government thereby accessing a favorable rate without any restrictions on withdrawals. The variance in actual versus budget and actual versus prior year is due to lower cash balances resulting from timing of cash payments for capital and other transactions.



## Expenses

The District's operating expenses for 2021/22 are presented by object as below.



Details and explanations of District operating expenses have been grouped by staffing and services and supplies.

## Staffing

Employee salaries and benefits account for 92% of operating expenses, which is consistent with the prior year.

	Actual		Budget	Actual to Budget		Actual to Prior Year	
	2021/22	2020/21	2021/22	\$	%	\$	%
Teachers	32,186,186	30,120,830	31,824,826	361,360	1.1%	2,065,356	6.9%
Principals and Vice Principals	3,941,539	4,012,931	3,914,371	27,168	0.7%	(71,392)	-1.8%
Educational Assistants	6,697,184	6,567,369	6,590,181	107,003	1.6%	129,815	2.0%
Support Staff	5,613,429	5,419,447	5,704,542	(91,113)	-1.6%	193,982	3.6%
Other Professionals	3,018,424	2,765,366	2,999,718	18,706	0.6%	253,058	9.2%
Substitutes	2,096,053	1,459,026	2,014,853	81,200	4.0%	637,027	43.7%
<b>Total Salaries</b>	<b>53,552,815</b>	<b>50,344,969</b>	<b>53,048,491</b>	<b>504,324</b>	<b>1.0%</b>	<b>3,207,846</b>	<b>6.4%</b>
Employee Benefits	12,957,978	11,762,333	12,654,157	303,821	2.4%	1,195,645	10.2%
<b>Total Salaries and Benefits</b>	<b>66,510,793</b>	<b>62,107,302</b>	<b>65,702,648</b>	<b>808,145</b>	<b>1.2%</b>	<b>4,403,491</b>	<b>7.1%</b>

## Teachers

This line item consists of salaries paid to the District's certified teachers. The variance between budget and actual was not significant at 1.1% of the budgeted expense. This can be attributed to the hiring of priority teachers teaching on call ("TTOCs"), in-line with the District's replacement strategy to ensure absences are appropriately filled throughout the year.

Teachers received a 2% wage increase effective July 1, 2021 as negotiated in the provincial collective agreement. This was the primary driver of the increased salaries over prior year as well as an increase in student enrolment and the hiring of priority TTOCs in the current year, as discussed above.

### **Principals and Vice Principals**

This account includes salaries paid to principals and vice principals across the District. The current year variance from budget and prior year is insignificant at 0.7% and -1.8%, respectively. The driver in change from the current year to prior year actual is a result of an unfilled vacancy during the 2021/22 school year.

### **Education Assistants (“EAs”)**

EAs provide support for students with diverse abilities in the District. The variance from budgeted and prior year salaries resulted from a transfer of excess expense in the Learning Improvement Fund within the District’s special purpose fund accounts. The Learning Improvement Fund allows each EA in the District to participate in school based team meetings to better support students with diverse needs. Given this funding has not been increased by the provincial government in some time, the additional costs are absorbed by the operating fund. Contributing to the increase from prior year is a 2% wage increase effective July 1, 2021, as per the collective agreement.

### **Support Staff**

This account is made up of the salaries paid to administrative staff (other than principals and vice principals) including secretaries, clerks, accountants, technicians, maintenance staff, trades people, custodians, noon hour supervisors and crossing guards. The variance to budget was not significant at -1.6%. The increase from prior year resulted from a 2% wage increase effective July 1, 2021, as per the collective agreement, as well as increased custodial hours for cleaning of high touch surfaces.

### **Other Professionals**

Other professionals are District staff who are excluded from any union agreement including positions such as the Superintendent, Associate Superintendent, the Secretary-Treasurer, Executive Director of Human Resources, other managers and trustees. The current year variance from budget is minimal at 0.6%. The increase from prior year is due to restructuring of District administration required to support the increased enrolment of student and staffing levels.

### **Substitutes**

This account includes TTOCs and replacements for support staff. The District placed an increased focus on filling absences to avoid pulling specialists from critical student needs areas with our replacement strategy in the current year. With higher than usual absences stemming from the COVID-19 pandemic, this led to an increase in substitute salaries from budget and prior year.

### **Employee Benefits**

Employee benefits include the amounts paid by the District on behalf of its employees for benefits such as Employment Insurance (“EI”), Canada Pension Plan (“CPP”), municipal or teacher pensions, and employee health and dental benefits. There were higher claim levels in the current year after a reduction in claims was seen at the beginning of the pandemic and reduced premium holidays were available to the District in the current year compared to prior year. In addition, wage-related benefit costs, such as EI, CPP and pension, increased due to higher salaries as explained above. These factors contributed to the increase from budget and prior year.



## Services and Supplies

Services and supplies expense accounts for 8% of operating expenses, which is consistent with the prior year.

	Actual		Budget	Actual to Budget		Actual to Prior Year	
	2021/22	2020/21	2021/22	\$	%	\$	%
Services	2,099,868	1,754,169	1,887,991	211,877	11.2%	345,699	19.7%
Student Transportation	75,565	52,837	63,180	12,385	19.6%	22,728	43.0%
Professional Development and Travel	391,190	412,448	437,015	(45,825)	-10.5%	(21,258)	-5.2%
Rentals and Leases	240,074	254,442	231,000	9,074	3.9%	(14,368)	-5.6%
Dues and Fees	96,473	76,566	104,700	(8,227)	-7.9%	19,907	26.0%
Insurance	117,448	119,336	118,526	(1,078)	-0.9%	(1,888)	-1.6%
Supplies	1,645,065	1,458,701	2,533,088	(888,023)	-35.1%	186,364	12.8%
Utilities	1,180,878	1,104,067	1,127,062	53,816	4.8%	76,811	7.0%
Bad Debt	16,796	18,548	-	16,796	-	(1,752)	-9.4%
Total Services and Supplies	5,863,357	5,251,114	6,502,562	(639,205)	-9.8%	612,243	11.7%
Tangible Capital Assets Purchased from Operating	766,034	749,393	500,000	266,034	53.2%	16,641	2.2%
<b>Total</b>	<b>6,629,391</b>	<b>6,000,507</b>	<b>7,002,562</b>	<b>(373,171)</b>	<b>-5.3%</b>	<b>628,884</b>	<b>10.5%</b>

### Services

This account includes computer licenses and maintenance, costs for contracted professional and technical services, repairs and maintenance, telephones, and copier related services. The budget anticipated a larger transfer of capital related costs than what actually occurred causing the variance from budget.

The increase from prior year was driven by several factors. There were increased amounts spent on software licenses to advance the District's digitization priorities. Commissions paid to contracted professionals for the international education program increased as the program began to recover from the pandemic restrictions and enrolment increased. This was offset by lower photocopier lease costs and less special purpose funding provided by the provincial and federal governments for pandemic related costs in the current year, therefore shifting those expenses to operating in order to maintain levels of service.

### Student Transportation

This account includes payments to the those who provide transportation to District students for curricular and extracurricular activities on a contract basis. The increase is a result of more field trips in the current year, as pandemic restrictions allowed for this.

### Professional Development and Travel

This account includes costs incurred for training and travel, such as registration fees, transportation, mileage allowances, meals, accommodation and per diem payments. There were non-significant changes from budget and prior year.

### Rentals and Leases

This account includes amounts for the long-term lease of buildings by the District. There were non-significant changes from budget and prior year.

### Dues and Fees

This account includes membership fees and dues in professional organizations as well as educational licenses. The increase from prior year is a result of a new annual license subscribed to in the current year.

**Insurance**

This account includes the expenditures for all insurance coverage, premiums, and deductibles. The current year expense was on budget and consistent with prior year.

**Supplies**

Included in this amount is expenditures for supplies and materials of a consumable and/or non-capital nature. This includes consumable supplies, learning resources and non-capitalized furniture, equipment and computer equipment under \$5,000. The budget anticipated a smaller transfer of capital related items than what materialized in the current year, accounting for the majority of variance from budget. Further, there were challenges with supply chains and timely delivery of certain supplies which impacted the current year expense, however amounts are carried forward and restricted in the upcoming year.

The increase from prior year results from less special purpose funding provided by the provincial and federal governments for pandemic related costs in the current year, therefore shifting those expenses to operating in order to maintain levels of service.

**Utilities**

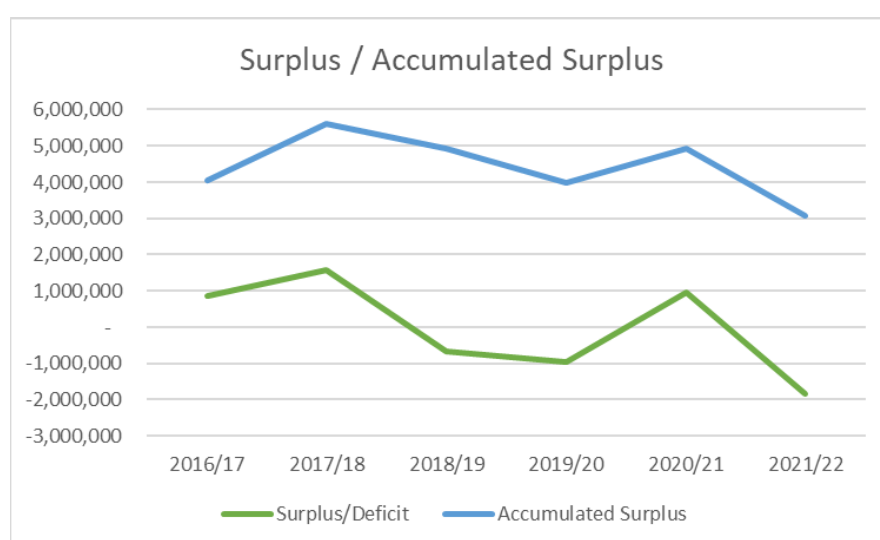
This account includes expenditures for utility costs such as electricity, heating, water and sewage, garbage and recycling. The variance from budget was minimal. Increased costs over prior year, stemming from rate increases, were offset by a one-time gas rebate received in the current year.



## Accumulated Operating Surplus Analysis

Accumulated operating surpluses and reserves are an important factor in determining the financial health of the District. These resources are designed to help plan for future expenditures and protect the District from unforeseen financial and operating events to mitigate any negative impact such circumstances might cause. By Board policy, an unrestricted operating reserve of at least 2% of operating expenses shall be maintained. The Board will incorporate into its future budget planning processes, strategies to re-establish the reserve should it fall below this level.

The District ended the 2021/22 year with a \$3,082,162 accumulated operating surplus of which \$2,347,826 is internally restricted for specific purposes and \$734,336 is unrestricted. This accumulated operating surplus represents a \$1,841,765 decrease over 2020/21. This decrease was primarily due to planned surplus usage to balance the 2021/22 budget. The below graph shows the relationship between the accumulated surplus and annual surplus/deficit over time.



Details of the accumulated operating surplus are as follows:

Accumulated Operating Surplus	2021/22	2020/21
<b>Internally Restricted:</b>		
School Surplus	4,175	14,796
RCAP and Power Local Grants	5,482	2,869
Surplus Applied to 2022-2023 Budget	1,207,506	-
Surplus Applied to 2021-2022 Budget	-	2,181,391
Commitments Outstanding	269,752	512,079
Future Years' Operating Budget Requirements	662,000	-
Local Capital Repayment	102,445	-
Department Carryforward	55,898	-
Teacher Mentorship Funds	40,568	-
Targeted Indigenous Education	-	37,662
2020-21 Holdback used for COVID Restart	-	138,139
Board Internally Restricted	-	500,000
<b>Total Internally Restricted</b>	<b>2,347,826</b>	<b>3,386,936</b>
<b>Unrestricted</b>	<b>734,336</b>	<b>1,536,991</b>
<b>Total Accumulated Operating Surplus</b>	<b>3,082,162</b>	<b>4,923,927</b>



In addition, there is a \$260,540 deficit in the Local Capital fund.

<b>Local Capital</b>	<b>2021/22</b>
Queen Elizabeth Elementary Expansion	91,905
Queensborough Site Acquisition	(352,445)
<b>Deficit</b>	<b>(260,540)</b>

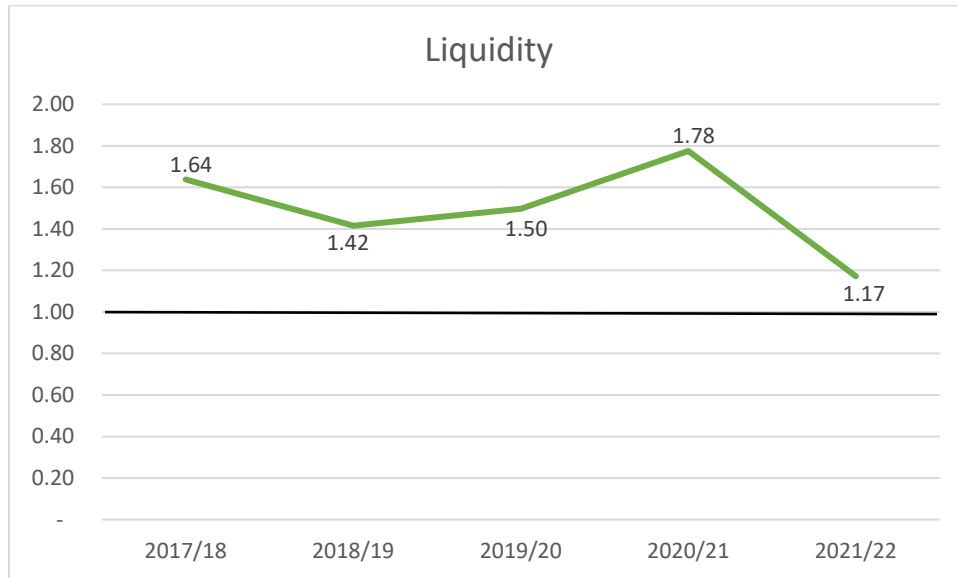
This deficit is the result of the site acquisition in Queensborough which completed in the current year. The District requested and received approval from the Minister of Education and Child Care to carry this deficit, based on the understanding that the deficit will be eliminated no later than June 30, 2026. The deficit will be repaid through annual Board approved transfers from the operating fund in subsequent years. The 2022/23 budget includes a \$250,000 local capital repayment. Included in the internally restricted operating surplus is \$102,445 to eliminate the remaining deficit.

## Financial Health Ratios

### Liquidity

Liquidity is measured by taking financial assets over liabilities, excluding deferred capital revenue. A liquidity ratio of greater than one is desirable as this means that the District can meet its short-term obligations and can better respond to changing circumstances.

As of June 30, 2022, the District's liquidity ratio is 1.17.



### Accumulated Surplus from Operations to Operating Revenue

The chart below shows the District's accumulated operating surplus and operating revenues over a five-year period. This is an indicator of the District's ability to react to emergent situations and the ability to fund special initiatives.

With the exception of 2020/21, the historic trend shows a decrease in the accumulated operating surplus both in dollars and percentage of revenue. This is the result of purposeful investments in the District's strategic priorities to enhance learning opportunities for today's students.

The 2020/21 year ended with an increase to accumulated surplus resulting from the substantial change to operations resulting from the pandemic. Areas such as substitute salaries were areas significantly underspent as was professional development, travel, and registration fees.

	2017/18	2018/19	2019/20	2020/21	2021/22
Unrestricted Surplus	3,161,199	3,520,703	-	1,536,991	734,336
Internally Restricted Surplus	2,448,746	1,419,386	3,978,341	3,386,936	2,347,826
Total	5,609,945	4,940,089	3,978,341	4,923,927	3,082,162
Revenue	67,726,606	68,431,676	69,221,759	69,053,395	72,008,419
<b>Percentage</b>	<b>8.3%</b>	<b>7.2%</b>	<b>5.7%</b>	<b>7.1%</b>	<b>4.3%</b>

## Accumulated Amortization to Assets

The accumulated amortization to assets ratio is a financial measurement tool that calculates the age, value and remaining useful life of a fixed asset. A low ratio may indicate that the assets have plenty of life left while a high ratio could indicate that asset will need replacement soon.

The decrease in ratios for buildings and furniture, equipment and vehicles starting in 2020/21 reflect the significant capital investments made at schools such as New Westminster Secondary School and Skwo:wech Elementary. The increasing ratios for computer hardware suggest that investments will be important in future years. This is a strategic priority for the District and addressed through the technology plan in place to ensure staff and students can access up to date technology.

<b>Buildings</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Gross Assets	107,797,418	109,403,037	118,175,868	209,561,833	240,604,818
Accumulated Amortization	36,561,767	38,995,974	41,462,177	43,955,095	48,387,879
<b>Ratio</b>	<b>0.34</b>	<b>0.36</b>	<b>0.35</b>	<b>0.21</b>	<b>0.20</b>

<b>Furniture, Equipment and Vehicles</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Gross Assets	1,590,505	1,828,501	1,895,018	4,343,684	5,192,355
Accumulated Amortization	419,069	578,119	660,008	886,459	1,292,809
<b>Ratio</b>	<b>0.26</b>	<b>0.32</b>	<b>0.35</b>	<b>0.20</b>	<b>0.25</b>

<b>Computer Hardware</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Gross Assets	2,501,746	3,344,161	3,774,996	3,810,140	3,491,383
Accumulated Amortization	563,888	1,049,327	1,495,252	2,033,526	1,868,094
<b>Ratio</b>	<b>0.23</b>	<b>0.31</b>	<b>0.40</b>	<b>0.53</b>	<b>0.54</b>

<b>Total</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Gross Assets	111,889,669	114,575,699	123,845,882	217,715,657	249,288,556
Accumulated Amortization	37,544,724	40,623,420	43,617,437	46,875,080	51,548,782
<b>Ratio</b>	<b>0.34</b>	<b>0.35</b>	<b>0.35</b>	<b>0.22</b>	<b>0.21</b>

## Special Purpose Fund

The Special Purpose Fund consists of funds received from MECC or other sources that have been designated for a specific purpose. These funds are deferred until the corresponding expenditures are incurred.

During 2021/22, \$11.03 million in special purpose fund contributions were received and \$11.10 million was spent. There was \$389,004 of additional expenses, over and above funding received, relating to special purpose programs that was funded and reported in the operating fund. As at June 30, 2022, \$1.23 million in special purpose funds remain available for designated purposes in future years.

The District incurred the following expenditures in 2021/22 as related to significant special purpose funds.

Program	Funding Source	2021/22 Grant	2021/22 Expense	Purpose
Annual Facility Grant	MECC	\$230,897	\$230,897	Planned maintenance of facilities.
Learning Improvement Fund	MECC	\$235,363	\$296,245	Augment EA hours, providing additional support to complex learners.
Scholarships and Bursary	Other	\$177,074	\$89,694	Provide financial support for post-secondary education to graduating grade 12 students.
School Generated Funds	Other	\$940,078	\$1,113,492	Funds that are collected and paid out through school accounts in support of school-based programs.
Strong Start	MECC	\$96,000	\$107,166	Provide early learning centers that provide school-based, drop-in programs for children from birth to age five and their parents or caregivers.
Ready, Set, Learn	MECC	\$19,600	\$35,545	Support early learning for children aged 3 to 5 and their parents and facilitate a smooth transition to Kindergarten.
Official Languages in Education French Programs ("OLEP")	MECC	\$161,108	\$156,329	Deliver Core French language programs and curriculum resources.
Community LINK	MECC and Other	\$1,644,663	\$1,732,319	Provide programs and initiatives to improve the educational outcomes of vulnerable students, including academic achievement and social functioning.
Classroom Enhancement Fund (Overhead, Staffing and Remedies)	MECC	\$6,815,837	\$7,029,602	Address additional teacher staffing, overhead and equipment costs resulting from restoration of class size and composition language.
Mental Health in Schools	MECC	\$122,845	\$124,383	Support mental health for children and youth in schools.
Safe Return to School/Restart: Health & Safety Grant	MECC	\$163,577	\$169,553	To support ongoing health and safety measures resulting from the pandemic.
Federal Safe Return to Class / Ventilation Fund	MECC	\$112,788	\$112,788	Increase outdoor air intake and/or increase air cleaning to help reduce transmission of COVID-19.
Seamless Day Kindergarten	MECC and Other	\$62,242	\$71,801	Provide before and after school care in kindergarten classrooms and support learning alongside the classroom teacher
Apprentice Program	Industry Training Authority	\$171,668	\$139,617	Enable students to apply trade-specific training and explore career options in the trades.

## Capital Fund

The net value of tangible capital assets is \$219.6 million as at June 30, 2022 (see Schedule 4A). These net costs represent the historical cost net of accumulated amortization of all District tangible capital assets which is not the current market value.

### Major Capital Projects

The District had 3 major capital projects at various stages of progress during the 2021/22 school year, as detailed in the below table. Capital expenditures are primarily funded by the Province of British Columbia, with additional funding provided through locally generated District capital funds and third-party contributors.

Project	Scope	Commencement Date	Completion Date
Skwo:wech Elementary and Childcare Facility	School Replacement; Additional Childcare spaces	Spring 2019	School opened March 2022; Childcare facility to open in 2022/23; currently in demolition phase of old school
New Westminster Secondary	School Replacement	Spring 2017	January 2021; currently in demolition phase of old school
Queen Elizabeth Elementary	Expansion	June 2021	2024/25 School Year

In the Spring of 2022, the District received notice from the MECC acknowledging the needs for a 500-student capacity elementary school in the Fraser River Zone. At present, the District is working on a concept plan for this project with hopes for a positive funding announcement in the 2022/23 year.



## Capital Fund Balances

Capital Fund	Description	As at June 30, 2022	As at June 30, 2021	Change (\$)
Bylaw Capital	Represents funds drawn on Certificates of Approval for capital projects.	-	-	-
MECC Restricted Capital	Represents MECC's portion of proceeds on disposal of land and buildings and any bylaw project surplus on capital projects.	\$13,110	\$13,110	-
Other Provincial Capital	Capital funding received from Ministry of Children and Family Development ("MCFD") for an onsite childcare centre at the new Skwo:wech Elementary school.	-	\$1,260,247	(1,260,247)
Land Capital	Funds received from the City of New Westminister for school site acquisition charges.	-	\$3,305,101	(3,305,101)
Other Capital	Includes capital grants received from and restricted by any entity not included in the Government Reporting Entity.	-	\$744,608	(744,608)
Local Capital	Funds generated by the District to be utilized for capital expenditures as determined by the District.	(\$260,540)	1,301,488	(1,562,028)

The decrease in other provincial capital and other capital relates to the additional childcare spaces constructed as part of the Skwo:wech elementary project. A total of \$3.1 million was contributed for the childcare portion of the project by MCFD (\$1.9 million) and the City of New Westminister (\$1.2 million). A portion of the funding was received prior to the 2021/2022 year and recorded as unspent deferred capital revenue at June 30, 2021. In 2021/22, the amounts were spent and transferred to deferred capital revenue, reducing the corresponding capital fund balances to nil.

The decrease in the land capital balance relates to the Queensborough site acquisition completed in May 2022. The acquisition was funded as follows:

	Sites	Buildings	Total
Land Capital	\$3,727,421	-	\$3,727,421
Local Capital	\$1,591,510	\$307,669	\$1,899,179
<b>Total</b>	<b>\$5,318,931</b>	<b>\$307,669</b>	<b>\$5,626,600</b>

In addition to the land capital balance at June 30, 2021, the District received \$422,320 in school site acquisition charges and interest during 2021/22, which was used for the purchase.

Changes in the local capital balance are summarized below.

<b>Local Capital Surplus, June 30, 2021</b>	<b>\$1,301,488</b>
Board approved transfers to local capital:	
Queen Elizabeth Elementary expansion	250,000
Queensborough site acquisition	250,000
Wellness Centre	210,000
Board approved uses of local capital:	
Queen Elizabeth Elementary expansion	(158,095)
Queensborough site acquisition	(1,899,179)
Wellness Centre	(210,000)
New Westminster Secondary	(20,850)
Interest Income	16,096
<b>Local Capital Deficit, June 30, 2022</b>	<b>(\$260,540)</b>

The local capital fund has a \$260,540 deficit as at June 30, 2022. The District requested and received approval from the Minister of Education and Child Care to carry this deficit, based on the understanding that the deficit will be eliminated no later than June 30, 2026. The deficit will be repaid through annual Board approved transfers from the operating fund in subsequent years.

Other local capital reserves are maintained for the Queen Elizabeth Elementary expansion project. Allocations to local capital are approved by the Board through the approval of the annual budget or specific resolution.

## Other Capital Funded Projects

In addition, MECC provided the District funding for the following capital programs:

Capital Program	2021/22 Funding	2021/22 Expenses	Description
Annual Facility Grant	\$978,802	\$978,802	Funding is provided to address repair and maintenance priorities at schools to ensure facilities are safe and functioning well. Projects for 2021/22 included mechanical system upgrades, facility and site upgrades and accessibility enhancements.
School Enhancement Program	\$1,308,000	\$1,308,000	Funding is provided to help the District extend the life of their facilities through a wide range of improvement projects. Projects in 2021/22 included the Lord Tweedsmuir exterior wall systems and Queensborough Middle School HVAC upgrades.
Carbon Neutral Capital Program	\$350,000	\$350,000	Funding is provided for energy-efficient projects that lower carbon emissions in the District. Energy systems upgrades were completed at Queensborough Middle School in 2021/22.
Playground Equipment Program	\$165,000	\$165,000	Funding is provided to purchase and install replacement playground equipment that is universal in design and in compliance with accessibility measures. Herbert Spencer Elementary received a universally accessible playground in 2021/22.



## Long Term Outlook

There are a number of potential risks and other unknown factors that may have a financial impact on the District as discussed below.

### Enrolment Growth and Capacity Constraints

The District continues to see significant growth of enrolment and nearly all schools are at or over their capacity limits. As the District grows, additional classroom space will need to be created. This growth brings with it a financial risk in how to provide these additional resources under the current Ministry funding envelope. Until a new school is built to create capacity, the District must fund the purchase of portables and related furniture through its operational dollars.

### COVID-19 Pandemic

As mentioned throughout this report, the COVID-19 pandemic continued to impact the operations of the District in 2021/22. Although the impact of the pandemic is diminishing, the District still needs to address the recovery from the disruptions it has had on education and the social-emotional wellbeing of staff, students and their families. Increased demands and pressure on staff and students as well as financial pressure on government cause uncertainty that may have an impact on the future operations of the District.

### International Education Program

The pandemic had a significant impact on the international education program and therefore the operating revenues of the District. The program showed a partial recovery in the 2021/22 year and budget estimates for 2022/23 project a full recovery back to pre-pandemic levels. Enrolment will need to be closely monitored throughout the year to ensure the District is on track with projections as any variations will significantly impact the budget.

### Unfunded Costs and Cost Pressures

The Ministry does not fund all costs related to our education system. These costs, which are downloaded to districts, must be absorbed within existing operating budgets. The following reflect some additional unfunded pressures for the 2022/23 year.

- Inflation – the recent increase in inflation is reducing the purchasing power of districts and specifically schools and departments in carrying out their work when purchasing services and supplies.
- Employee Sick Leave Benefits – On March 31, 2022, Royal Assent was received for the provision of five days of annual paid illness and injury leave under the Employment Standards Act for unionized casual employees and TTOCs. The financial impact of this will be validated over time, once a pattern of use is established.
- Exempt Staff Wages – Exempt staff (managers and principals and vice principals) wage increases are not funded. BCPSEA has provided school districts across the province wage grids that are utilized to establish rates of pay across the education sector.

### Capital Projects

Due to their magnitude, capital projects have the potential to significantly impact the financial position of the District. Individual project risk assessments must be done on a continuous basis. Project agreements with the Ministry contain contingency requirements to mitigate financial risk. Smaller projects consider contingency requirements when building the overall project budget and are managed internally.



### **Other assets**

Existing District budget allocations are not enough to support the procurement, maintenance or timely replacement of District assets. This means that IT hardware is not refreshed on a regular basis and the deferred maintenance for facilities continues to grow. Any major equipment failures must be funded from existing budgets.

The District is still guided, as we always have been, by our strategic plan. More details in the strategic plan and highlights of accomplishments can be found on the website at [www.newwestschools.ca](http://www.newwestschools.ca).

