

**BOARD OF EDUCATION
SD NO. 40 (NEW WESTMINSTER)
Operations Policy and Planning Committee**

Tuesday, September 18, 2018 – 7:30 pm

School Board Office

Location: 811 Ontario Street, New Westminister

AGENDA

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

Item	Action	Info	Presenter	Attachment
1. Approval of the Agenda	X		J. Janzen	
2. Correspondence				
3. Reports from Senior Management				
a. Maintenance & Capital Projects Update		X	K. Morris	P. 1
i. School District Audit Services	X		K. Morris	
<i>Recommendation: THAT the Board of Education of School District No. 40 (New Westminister) direct staff to request proposals for audit services for School District No. 40 (New Westminister) for a three-year period (with an optional two year renewal) commencing with the 2019/20 fiscal year; AND THAT a recommendation from staff for audit services be provided to the Board by November 2018.</i>				
ii. Audit Committee Formation		X	K. Morris	P. 3
As per motion of April 24, 2018 that an Audit Committee be established based on the BCSTA document "Audit Committee Sample Terms of Reference"				
b. Financial Update as at August 31, 2018		X	K. Morris	P. 20
c. 2017-18 Audited Financial Statements & Audit Findings Report for Year Ended June 30, 2018	X		J. Pocher	P. 22
<i>Recommendation: THAT the Board of Education of School District No. 40 (New Westminister) approve the Consolidated Audited Financial Statements for the fiscal year ending June 30, 2018.</i>				
d. Restricted and Non-Restricted Surplus	X		K. Morris	
<i>Recommendation: THAT the Board of Education of School District No. 40 (New Westminister) waive Policy 19 (Restricted and Non-Restricted Surplus Funds) AND to further restrict 2017-2018 surplus in the 2018-2019 fiscal year, be implemented.</i>				
e. Accumulated Surplus	X		K. Morris	
<i>Recommendation: THAT the Board of Education of School District No. 40 (New Westminister) authorize staff to address immediate staffing pressures utilizing 2017-2018 accumulated surplus, as presented.</i>				

Item	Action	Info	Presenter	Attachment
3. Reports from Senior Management (Cont'd)				
f. Administrative Procedure 515-Purchasing and Tendering Revision for Review		X	K. Morris	<i>P. 95</i>
4. New Business				
a. Neighbourhood Learning Centres (NLC) Advisory Committee		X	K. Morris	
b. School District No. 40 & City of New Westminster re Childcare BC New Spaces Fund		X	M. Gifford & K. Hachlaf	
5. General Announcements				
a. Invitation to Massey Victory Heights All Candidates Meeting – Thursday, October 4, 2018 at 7:00pm		X	J. Janzen	<i>P. 103</i>
b. Trustee Academy – November 29 – December 1, 2018 Registration Opened September 17		X	J. Janzen	<i>P. 104</i>
6. Adjournment				

Lord Tweedsmuir Elementary

The project has been awarded to Unitech. Drawings were submitted to the City of New Westminster for permits, and were received on July 18, 2018. All five Portables and wash cart have been placed and are ready for occupancy. The office copier and lunch rooms have been seismically upgraded and reconfigured, and were ready to occupy on August 27, 2018. The seismic work for the gym and day care is underway and should be completed by the end of October 2018. The mechanical installation of new piping and air handlers has begun in each classroom. This work is funded from School Enhancement Program (SEP) moneys \$650,000 and \$300,000 from AFG.

Richard McBride Elementary

The District has completed the RFP process for project management services and awarded to Cascade Facilities Management Consultants Ltd. We have established the steering committee to move forward with the conceptual design and have begun working on the functional program that will lead to the RFP for the Design Builder in the Fall.

New Westminster Secondary

The Project is currently in the construction phase with most of the site excavation and civil works completed, we are moving into foundation and forming activities. The overall design is at 90% completion with full IFC drawings anticipated in November.

F.W. Howay Elementary

Seismic work was completed, final inspection from the City of New Westminster was received. Project has been closed.

All Other Projects

The Ministry has approved from the SEP 2018-2019 Capital funding a mechanical project for Tweedsmuir Elementary the sum of \$650,000, and we will commit \$300,000 from AFG and Carbon Neutral Program (CNP). 2018-2019 Boiler upgrade to Glenbrook Middle in the sum of \$250,000 and we will commit \$75,000 from AFG if needed. The boiler project for Glenbrook Middle took place over the summer break and Tweedsmuir project over the seismic upgrade.

Two portables and a wash cart were purchased for Queen Elizabeth Elementary; one portable for Lord Kelvin Elementary and two portables for Glenbrook Middle. Power and gas hookups, whiteboards and cabinets' installation was completed over the summer. Similar work took place on the Tweedsmuir portables.

AFG work planned over the summer:

- Connaught Heights Elementary - Air Handlers and all new piping and controls, new Flooring classrooms 90% complete.
- Lord Kelvin Elementary – Roll shutters 100% completed.
- Lord Tweedsmuir Elementary – New gym flooring has not started yet middle of October 2018.
- Portable moves and setup for Lord Kelvin Elementary, Glenbrook Middle and Queen Elizabeth Elementary are 100% complete.
- Glenbrook Middle has had a boiler upgrade and hot water on-demand system 95% complete.
- Paving at Queen Elizabeth Elementary, Tweedsmuir Elementary and QayQayt Elementary.
- Portable at Board office 100% completed.
- New fencing at Queen Elizabeth Elementary 100% complete.
- Painted portables at RCAP, Connaught Heights, QayQayt, and Queen Elizabeth Elementary schools and painted Modulares at Queen Elizabeth and Tweedsmuir.

Staff continues to work on planning for the future projects. We are ready to proceed with the top priority items in our capital plan. However, we do not expect significant new funding announcements from the Ministry until a new provincial budget is tabled in the spring.

Respectfully Submitted,

Kim Morris,
Secretary-Treasurer



Supplement to: OPERATIONS POLICY & PLANNING COMMITTEE

Date: September 18, 2018

Submitted by: Kim Morris, Secretary-Treasurer

Item: **Requiring Action** ☐ **For Information** ☒

SUBJECT: Audit Committee Formation

Background:

On April 24, 2018, the Board carried the following resolution:

That an Audit Committee be established based on the BCSTA document “Audit Committee Sample Terms of Reference”.

The “Audit Committee Sample Terms of Reference” are provided in *Schedule A*.

A simple survey of other districts in the province, conducted by Staff, indicates 7 districts are using a stand-alone Audit Committee structure and 14 districts using an existing committee structure. The survey results are provided in *Schedule B* attached.

When forming its Audit Committee the Board should consider a structure that:

1. Provides oversight of the financial reporting process, selection of the independent auditor and receipt of the audit results;
2. Assists the Board in fulfilling its governance and oversight responsibilities relative to financial reporting, internal control, risk management and internal/external audit functions; and
3. Provides advice and recommendations to the Board, but not take over of the final role of the Board.

The Board may also want to consider the time commitment of the existing committee and board meeting structures in New West Schools and the impact an additional committee may have on



Trustees and staff. The Board should also consider maintaining its Committee of the Whole structure for the Audit Committee as well as the inclusion of an external community member.

Staff has identified two options for the Board to consider when forming its Audit Committee:

1. Embed the roles, responsibilities and duties of the Audit Committee into the existing standing Operations Policy & Planning Committee of the Whole; or
2. Create a separate special committee.

The intention of this report is to provide information to the Board, and to provide a starting point for discussion relative to forming an Audit Committee in New West Schools.



Options:

Option 1: Embed in Existing Operations Policy and Planning Committee

Sample additions (*in italics*) to existing Terms of Reference found in Section 10 of Policy 8:

10. Operations Policy & Planning Committee of the Whole

10.1 Purpose

- 10.1.1 To allow the Board to explore operations matters in much greater depth than can be accomplished in a scheduled regular meeting of the Board.
- 10.1.2 To solicit and receive information from the Superintendent and/or designates relevant to the development of various system activities and plans.
- 10.1.3 To assist the Board with work of an on-going nature.
- 10.1.4 *To fulfill the roles, responsibilities and duties of the Audit Committee.*

10.2 Powers & Duties

- 10.2.1 Make recommendations for agenda items for subsequent Board meetings.
- 10.2.2 Make recommendations to the Board for action.
- 10.2.3 *Review the audit tender process*
- 10.2.4 *Recommend the appointment of an external auditing firm to the Board*
- 10.2.5 *Meet with the internal auditor and external auditors to ensure that:*
 - a) *The Board has implemented appropriate systems to identify, monitor and mitigate significant business risk*
 - b) *The appropriate systems of internal control, which ensure compliance with board policies and procedures, are in place and operating effectively*
 - c) *The Board's annual financial statements are fairly represented in all material respects in accordance with generally accepted accounting principles*
 - d) *Any matter that the external auditors wish to bring to the attention of the Board has been given adequate attention*
 - e) *The external audit function has been effectively carried out*
- 10.2.6 *Make recommendations pertaining to relevant policies and administrative procedures; and*
- 10.2.7 *Make recommendations relevant to financial reporting and disclosure processes.*

10.3 Membership

- 10.3.1 The Board Chair, in consultation with the Board of Education shall appoint one of the trustees to be the chair of the committee of the Board for a one-year term, commencing in January of each year



- 10.3.2 *For Audit Committee agenda items: additional non-voting members include the internal auditor, and an independent non-voting lay expert, if no trustee is a “financial expert” with relevant expertise and skills exists on the Board.*
- 10.4 Meetings
- 10.4.1 Monthly, the second Tuesday of the month. Committee In-Camera meetings will be convened prior to open committee meetings, as required. In-Camera topics are as defined in Policy 7 Section 5.1.
- 10.4.2 *Audit Committee function: annually, each September (financial statement/audit review), February (amended budget performance) and May (audit planning).*

Option 2: Formation of Special Committee

Sample Terms of Reference:

Audit Committee

Purpose

Monitor, evaluate, advise or make recommendations on matters affecting the financial control policies and practices relating to the district, including external, internal or special audits thereof.

Duties

1. Review the audit tender process.
2. Recommend the appointment of an external auditing firm to the Board.
3. Meet with the internal auditor and external auditors to ensure that:
 - a. The Board has implemented appropriate systems to identify, monitor and mitigate significant business risk
 - b. The appropriate systems of internal control, which ensure compliance with board policies and procedures, are in place and operating effectively
 - c. The Board's annual financial statements are fairly represented in all material respects in accordance with generally accepted accounting principles
 - d. Any matter that the external auditors wish to bring to the attention of the Board has been given adequate attention
 - e. The external audit function has been effectively carried out.
4. Make recommendations pertaining to relevant policies and administrative procedures.
5. Make recommendations relevant to financial reporting and disclosure processes.

Membership

The Audit Committee will comprised of the following members:

- 7 Trustees, one of which will be appointed Chair of the Committee
- Secretary-Treasurer
- Internal Auditor (Assistant Secretary-Treasurer)
- 1 External community member, recommended by the selection committee

External committee members are identified by a selection committee as potential candidates for appointment to the Audit Committee. The selection committee shall be comprised of at least:

- Chair of the Board, or Trustee designate
- Superintendent
- Secretary-Treasurer

The selection committee shall recommend to the Board of Education the external community members as potential candidates. The Board of Education approves the appointment of the external community member.

An external community member appointed to the Audited Committee must:

- Be an objective advisor with expertise in financial matters, or other relevant experience
- Not be an employee or officer of the School District
- Not have a parent, child or spouse employed or be an officer of the School District
- Support the values of the public school system

External community members are volunteers and will not receive any remuneration. Any incidental expenses (mileage, parking etc.) will be reimbursed in accordance with Board processes.

External community member terms shall not exceed two years. The number of terms served by any one external community member shall not exceed two.

Meetings

Annually, each:

- September (financial statement/audit review)
- February (amended budget performance)
- May (audit planning).

Minutes will be taken at each meeting and will be presented to the Board of Education as part of the Board Committee Reports.

Quorum shall be reached when a majority of the members of the Audit Committee are present, of which at least one must be the external community member and another must be a staff member. Each Audit Committee member who is an elected Trustee has one vote.



Toolkit for Boards of Education Audit Committees

The Audit Committee

- Purpose of Audit Committees
- Sample Terms of Reference to Audit Committees

Last updated February 27, 2017

Sample Terms of Reference for an Audit Committee

The audit committee may be structured to be a “committee of the whole” of all school trustees or it may be a committee of a few appointed members of the board that can also include non-voting external individuals that are independent of the Board of Education. The benefit of having an audit committee with public members is that you are normally selecting public members with specific business and accounting expertise, and can also provide another level of community engagement along with fiscal oversight.

At least one member of the audit committee can be a financial expert with relevant experience and skills. If the Board does not have a trustee with the relevant experience and skills, an independent non-voting lay expert can be a member of the committee.

Below are two sample terms of reference that may be used for the formation of a Board of Education Audit Committee.

Sample 1:

Terms of Reference for an Audit Committee (Committee of the Whole)

A. Purpose and Authority

The Audit Committee (the “Committee”) is a committee of the whole of the Board of Education. The purpose of the Committee is to monitor, evaluate, advise or make recommendations, in accordance with these terms of reference or any other directions of the Board, on matters affecting the financial and operational control policies and practices relating to the

Frequency of Meetings/Attendance

The Committee shall meet at least three times per year and may call special meetings as required. A quorum at meetings of the Committee shall be a majority of its members, and the Committee chair shall prepare an agenda in consultation with the internal auditor.

Attendance at the Committee meetings by district personnel will be determined by the Committee, but will normally include the superintendent, the secretary treasurer, and a recording secretary.

Minutes

The minutes of the Committee meetings shall accurately record the decisions reached by the Committee. The secretary treasurer, or such other person as may be designated by the Committee (such as the internal auditor), shall keep minutes of the proceedings of all meetings of the Committee. The minutes shall be distributed to the Committee members with copies to the superintendent, the external auditor and others as directed by the Committee.

D. Confidentiality

Deliberations and information received from the attendance at an audit committee meeting will be treated as private and confidential information, and shall not be published, released or disclosed in any manner to any persons other than to trustees of the board, the Superintendent, or, as determined by the Committee, or in pursuance of specified duties under the *School Act*, the district's Organizational Bylaw or the *Freedom of Information and Protection of Privacy Act*.

policies and practices to be adopted by the district and to review and assess any new or proposed developments in accounting and reporting standards that may affect or impact on the district.

- Review other direct or indirect external audit reports (e.g. Office of the Auditor General) toward making recommendations to the Board for policy or procedural changes for the school district.

F. Risk Management Oversight

Risk Management Oversight means identifying and analysing and managing risks that may prevent the district from achieving its objectives. The Committee's oversight responsibility for risk management is primarily concerned with financial risks that may affect financial reporting.

- Assess whether management has implemented policies ensuring that the district's financial risks are identified and that controls are adequate, in place and functioning properly.
- Assess whether management has implemented policies and controls to prevent, detect, and deter fraud.
- Review all reports concerning any significant fraud or non-compliance that occurs in the district. This review should include consideration of the internal controls that should be strengthened to reduce the risk of a similar event in the future.
- Assess compliance with specific regulations pertaining to the district.
- After Committee assessment, appropriate recommendations will be made to the board if required.

G. Legal Compliance

On at least an annual basis, review with the district's appointed legal counsel any legal matters that could have a significant impact on the district's financial statements, the district's compliance with applicable laws

responsibility of Board in appointing the auditor and how this role is subordinate to the *Auditor General Act*.

- Review the annual appointment of the external auditor, for recommendation to the Board for approval giving consideration to matters such as :
 1. Independence and whether to retain such auditor for each fiscal year after consultation with appropriate management and the internal auditor.
 2. The fees paid to the external auditor on an annual basis and any non-auditing services performed by the external auditor.
- On an annual basis, review and discuss with the external auditor all significant relationships with the district that could impair such auditor's independence.
- Review the planning and results of the external audit, including:
 1. the auditor's engagement letter
 2. the reasonableness of the estimated audit fees
 3. the scope of the audit, including materiality, audit reports required, areas of audit risk, deadlines and coordination with internal audit staff.
 4. the post audit management letter together with management's responses, and
 5. any other matters the external auditor brings to the attention of the Committee.

Role of the Audit Committee with the Internal Auditor

- The internal auditor shall have a direct reporting relationship to the Committee through the Chairperson of the Board.
- Annually review the budget and independence of the internal auditor function.
- Review the significant reports prepared by the internal auditor function together with management's response, including target dates for implementation of recommendations, and the identification of individuals responsible to action.
- Meet with the internal auditor at least annually and preferably at each Committee meeting or as requested by the auditor (internal or external) without management representatives present.

Sample 2:

Board Committee Terms of Reference

Audit Committee that includes Public Members

1. To ensure compliance with the financial provisions of the *School Act* and Regulations , and provide independent oversight to the Board of Education in the areas of:
 - a) Financial reporting
 - b) External Audit Process
 - c) Risk Management and Internal Controls
 - d) Compliance Matters

- d) Support the values of the school system
- 5. External community members are volunteers and will not receive any remuneration. Any incidental expenses (mileage, parking, etc.) will be reimbursed in accordance with Board processes.
- 6. The term of office of a Trustee who is a member of the audit committee shall be determined by the Board, but must be reviewed on an annual basis and shall not exceed four years. The term of office of an external community member shall be a period of two years. External community members may be reappointed no more than two terms unless:
 - a) Advertised the position for at least 30 days, and
 - b) After 30 days, the selection committee did not identify any potential candidates.

When the term of an external community member expires, they continue to be a member of the audit committee until a successor is appointed or the external community member is reappointed.

- 7. At the first meeting of the audit committee in each fiscal year, the Audit Committee shall elect the Chair of the committee from the board members appointed to the committee. If at any meeting of the audit committee the Chair is not present, the members present may elect a trustee Chair for that meeting. The Chairperson will set the agenda of the meetings based on the work plan developed by the Audit Committee.
- 8. The secretary treasurer, reporting directly to the Audit Committee *for audit matters*, will act as its primary resource. The Superintendent or an appointed Associate Superintendent can also be a resource to the Audit Committee, when required.

14. Meet on a regular basis with the external auditor to discuss any matters that the audit committee or the external auditor believes should be discussed.
15. Review, at least once in every fiscal year, the performance of the external auditor and make recommendations to the Board on the appointment, replacement or dismissal of the external auditor, and on the fee and fee adjustment for the external auditor.
16. Work to resolve any disagreements between management and the external auditor about financial reporting.
17. Recommend to the Board the pre-approval of all audit and non-audit services to be performed by the external auditor.
18. Review other direct or indirect external audit reports (e.g. Office of the Auditor General) toward making recommendations to the Board for policy or procedural changes for the school district.

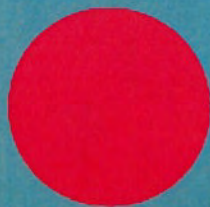
Risk Management & Internal Controls

19. As the primary resource to the Audit Committee, the Internal Audit Officer shall ensure the Audit Committee:
 - a) Reviews the overall effectiveness of the Board's internal controls.
 - b) Understands the inherent risk of fraud and error in the Board.
 - c) Understands the Board's significant risks, the internal controls that mitigate these risks, and management's policies for risk assessment and risk management and to assess the steps management have taken to manage such risks, including the adequacy of insurance for those risks.

24. Review any significant findings of regulatory entities, and any observations of the Internal Audit Officer or external auditor related to those findings.
25. Review the Board's process for communicating any codes of conduct that apply to Board members or staff of the Board to those individuals and the Board's process for administering those codes of conduct.
26. Obtain regular updates from management and legal counsel regarding compliance matters.
27. Obtain confirmation by management that all statutory requirements have been met.

Meetings

28. The Audit Committee will meet at least three times per year. Additional meetings may be scheduled at the call of the Chairperson if deemed necessary to carry out its responsibilities effectively and efficiently.
29. Minutes will be taken at each meeting and will be presented to the Board of Education as part of a consent agenda.
30. Quorum is achieved when a majority of the members of the Audit Committee are present, one of which must be an external community member. At least one staff member shall be present for each meeting.
31. Each Audit Committee member who is an elected Trustee has one vote, unless a member has declared a direct or indirect pecuniary interest in an agenda item. In the event of a tie vote, the Chairperson is entitled to cast a second vote.



Audit Committee: Stand Alone or Embedded in Existing Committee Structure Analysis

District		Audit Committee	Existing Committee
SD40	New Westminster	TBD	TBD
SD 78	Fraser Cascade		Budget Committee
SD 82	Coast Mountains		Buisiness Committee
SD 74	Gold Trail		Committee of the Whole
SD 8	Kootenay Lake		Finance and Operations Committee
SD 52	Prince Rupert		Finance and Building Committee
SD 20	Kootena-Columbia		Finance and Facilities Committee
SD 53	Okanagan Similkameen		Finance and Facilities Committee
SD 70	Alberni		Finance Committee
SD 48	Sea to Sky		Finance Committee
SD 67	Okanagan Skaha		Finance Committee
SD 50	Hiada Gwaii		Finance Committee
SD 43	Coquitlam		Finance Committee
SD 5	Southeast Kootenay		Finance Committee
SD 10	Arrow Lakes		Finance Committee
SD 71	Comox Valley School District	Audit Committee	
SD 33	Chilliwack School District	Audit Committee	
SD 35	Langley	Audit Committee	
SD 38	Richmond School District	Audit Committee	
SD 45	West Vancouver Schools	Audit Committee	
SD 68	Nanaimo	Audit Committee	
SD 39	Vancouver	Audit Committee	

7 Audit Committee 14 Use Existing Committee

Operating Fund - Year to Date Revenue to Budget Summary

G.L. Period Selection: 201902 End Date: AUGUST 31, 2018

	Description	Revenues	Original Budget	Revised Budget	Bud Remain \$	Bud Remain %
619	OTHER FEDERAL GRANTS	-1,735	0	0	1,735	0
621	OPERATING GRANT MINISTRY OF EDUCAT	-3,695,156	-61,585,932	-61,585,932	-57,890,776	94
629	OTHER MINISTRY OF EDUCATION GRANTS	0	-616,113	-616,113	-616,113	100
641	PROVINCIAL GRANTS OTHER	-15,000	0	0	15,000	0
643	SUMMER SCHOOL FEES	-90,106	-120,000	-120,000	-29,894	25
644	CONTINUING EDUCATION	160	-200,000	-200,000	-200,160	100
645	INSTRUCTIONAL CAFETERIA REVENUE	0	-130,000	-130,000	-130,000	100
647	OFFSHORE TUITION FEES	-259,330	-3,584,000	-3,584,000	-3,324,670	93
649	MISCELLANEOUS REVENUE	-30,080	-230,000	-230,000	-199,920	87
651	COMMUNITY USE OF FACILITIES	-7,495	-200,000	-200,000	-192,505	96
661	INTEREST ON SHORT TERM INVESTMENT	-88,988	-100,000	-100,000	-11,012	11
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	Grand Total	-4,187,730	-66,766,045	-66,766,045	-62,578,315	94

Operating Fund - Year to Date Expense to Budget Summary

G.L. Period Selection: 201902 End Date: AUGUST 31, 2018

	Description	YTD Exp	YTD Com	YTD Exp + Com	Budget	Bud Remain \$	Bud Remain %
105	PRINCIPALS & VP SALARIES	605,657	0	605,657	3,404,592	2,798,935	82
110	TEACHERS SALARIES	111,079	0	111,079	30,089,734	29,978,655	100
120	SUPPORT STAFF SALARIES	638,093	0	638,093	5,629,562	4,991,469	89
123	EDUCATIONAL ASSISTANTS SALARIES	28	0	28	4,722,864	4,722,836	100
130	OTHER PROFESSIONAL SALARIES	408,982	0	408,982	2,589,109	2,180,127	84
140	SUBSTITUTE SALARIES	8,959	0	8,959	1,349,817	1,340,858	99
200	EMPLOYEE BENEFITS	590,859	0	590,859	12,388,969	11,798,110	95
310	SERVICES	389,314	172,755	562,069	1,664,992	1,102,923	66
312	LEGAL COSTS	0	0	0	30,000	30,000	100
330	STUDENT TRANSPORTATION	22,323	21,720	44,043	157,000	112,957	72
340	PROFESSIONAL DEVELOPMENT & TRAVEL	20,671	0	20,671	496,900	476,229	96
360	RENTALS & LEASES	43,312	54,083	97,395	260,000	162,605	63
370	DUES & FEES	59,734	0	59,734	130,800	71,066	54
390	INSURANCE	21,541	0	21,541	131,000	109,459	84
510	SUPPLIES	140,710	633,844	774,554	3,075,271	2,300,717	75
540	UTILITIES	38,529	8,429	46,958	443,800	396,842	89
551	GAS - HEAT	13,296	0	13,296	278,500	265,204	95
555	CARBON TAX EXP	0	0	0	50,000	50,000	100
560	WATER & SEWAGE	24,466	0	24,466	270,900	246,434	91
570	GARBAGE & RECYCLE	13,257	13,405	26,662	73,000	46,338	63
580	FURNITURE & EQUIPMENT REPLACEMENT	32,490	26,405	58,895	81,000	22,105	27
590	COMPUTER & EQUIPMENT REPLACEMENT	114,676	105,526	220,202	1,023,000	802,798	78
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	Grand Total	3,297,976	1,036,167	4,334,143	68,340,810	64,006,667	94

Audited Financial Statements of

School District No. 40 (New Westminster)

June 30, 2018

School District No. 40 (New Westminster)

June 30, 2018

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School District No. 40 (New Westminster)

MANAGEMENT REPORT

DRAFT

Management's Responsibility for the Financial Statements.

The accompanying financial statements of School District No. 40 (New Westminster) have been prepared by management in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and reliable financial information is produced.

The Board of Education of School District No. 40 (New Westminster) (called the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and externally audited financial statements yearly.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of School District No. 40 (New Westminster) and meet when required. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the School District's financial statements.

On behalf of School District No. 40 (New Westminster)

DRAFT	Signature of the Superintendent of the Board of Education	Date Signed
DRAFT	Signature of the Superintendent	Date Signed
DRAFT	Signature of the Secretary Treasurer	Date Signed

School District No. 40 (New Westminster)

Statement of Financial Position
As at June 30, 2018

	2018 Actual \$	2017 Actual \$
Financial Assets		
Cash and Cash Equivalents	26,057,163	23,682,781
Accounts Receivable		
Due from Province - Ministry of Education (Note 3)	427,524	164,763
Other	601,600	434,569
Total Financial Assets	27,086,287	24,282,113
Liabilities		
Accounts Payable and Accrued Liabilities		
Other (Note 4)	6,645,149	4,847,523
Unearned Revenue (Note 5)	3,475,974	4,255,577
Deferred Revenue (Note 6)	3,138,470	2,253,947
Deferred Capital Revenue (Note 7)	90,268,207	78,653,140
Employee Future Benefits (Note 8)	3,272,135	3,183,430
Total Liabilities	106,799,935	93,193,617
Net Financial Assets (Debt)	(79,713,648)	(68,911,504)
Non-Financial Assets		
Tangible Capital Assets (Note 9)	105,532,784	92,837,659
Prepaid Expenses	200,734	55,603
Total Non-Financial Assets	105,733,518	92,893,262
Accumulated Surplus (Deficit)	26,019,870	23,981,758

Contractual Obligations (Note 13)

Approved by the Board

Signature of the Chairperson of the Board of Education	Date Signed
Signature of the Superintendent	Date Signed
Signature of the Secretary Treasurer	Date Signed

School District No. 40 (New Westminster)

Statement 2

Statement of Operations
Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	70,020,164	68,636,442	64,138,256
Other	223,856	113,700	136,782
Tuition	5,260,562	5,202,597	5,365,530
Other Revenue	1,790,235	2,130,074	2,110,879
Rentals and Leases	250,000	250,540	309,671
Investment Income	201,000	314,807	221,949
Amortization of Deferred Capital Revenue	2,176,523	2,176,523	1,633,389
Total Revenue	79,922,340	78,824,683	73,916,456
Expenses			
Instruction	67,032,276	63,780,472	60,093,302
District Administration	3,642,627	3,300,180	3,038,945
Operations and Maintenance	9,892,341	9,484,026	8,532,229
Transportation and Housing	256,877	221,893	232,620
Total Expense	80,824,121	76,786,571	71,897,096
Surplus (Deficit) for the year	(901,781)	2,038,112	2,019,360
Accumulated Surplus (Deficit) from Operations, beginning of year		23,981,758	21,962,398
Accumulated Surplus (Deficit) from Operations, end of year		26,019,870	23,981,758

School District No. 40 (New Westminster)

Statement 4

Statement of Changes in Net Financial Assets (Debt)

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Surplus (Deficit) for the year	<u>(901,781)</u>	<u>2,038,112</u>	<u>2,019,360</u>
Effect of change in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	(265,794)	(15,483,374)	(10,167,414)
Amortization of Tangible Capital Assets	2,788,249	2,788,249	2,029,575
Total Effect of change in Tangible Capital Assets	<u>2,522,455</u>	<u>(12,695,125)</u>	<u>(8,137,839)</u>
Acquisition of Prepaid Expenses		(200,734)	(55,603)
Use of Prepaid Expenses		55,603	156,268
Total Effect of change in Other Non-Financial Assets	<u>-</u>	<u>(145,131)</u>	<u>100,665</u>
(Increase) Decrease in Net Financial Assets (Debt), before Net Remeasurement Gains (Losses)	<u>1,620,674</u>	<u>(10,802,144)</u>	<u>(6,017,814)</u>
Net Remeasurement Gains (Losses)			
(Increase) Decrease in Net Financial Assets (Debt)		<u>(10,802,144)</u>	<u>(6,017,814)</u>
Net Financial Assets (Debt), beginning of year		<u>(68,911,504)</u>	<u>(62,893,690)</u>
Net Financial Assets (Debt), end of year		<u><u>(79,713,648)</u></u>	<u><u>(68,911,504)</u></u>

School District No. 40 (New Westminster)

Statement 5

Statement of Cash Flows
Year Ended June 30, 2018

	2018 Actual \$	2017 Actual \$
Operating Transactions		
Surplus (Deficit) for the year	2,038,112	2,019,360
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	(429,792)	(104,273)
Prepaid Expenses	(145,131)	100,665
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	1,797,626	(724,954)
Unearned Revenue	(779,603)	(133,535)
Deferred Revenue	884,523	246,150
Employee Future Benefits	88,705	113,259
Amortization of Tangible Capital Assets	2,788,249	2,029,575
Amortization of Deferred Capital Revenue	(2,176,523)	(1,633,389)
Total Operating Transactions	4,066,166	1,912,858
Capital Transactions		
Tangible Capital Assets Purchased	(2,152,596)	(2,524,255)
Tangible Capital Assets -WIP Purchased	(13,330,778)	(7,643,159)
Total Capital Transactions	(15,483,374)	(10,167,414)
Financing Transactions		
Capital Revenue Received	13,791,590	9,723,125
Total Financing Transactions	13,791,590	9,723,125
Net Increase (Decrease) in Cash and Cash Equivalents	2,374,382	1,468,569
Cash and Cash Equivalents, beginning of year	23,682,781	22,214,212
Cash and Cash Equivalents, end of year	26,057,163	23,682,781
Cash and Cash Equivalents, end of year, is made up of:		
Cash	26,057,163	23,682,781
	26,057,163	23,682,781

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 1 AUTHORITY AND PURPOSE

The School District, established on April 12, 1946 operates under authority of the *School Act* of British Columbia as a corporation under the name of “The Board of Education of School District No.40 (New Westminster)”, and operates as “School District No.40 (New Westminster)”. A board of education (“Board”) elected for a four-year term governs the School District. The School District provides educational programs to students enrolled in schools in the district, and is principally funded by the Province of British Columbia through the Ministry of Education. The School District is a registered charity under the Income Tax Act and is exempt from federal and provincial corporate income taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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. *The Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in regulation.

Regulation 257/2010 requires all tax payer supported organizations in the schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards with any PS4200 elections.

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from requirements of Canadian public sector accounting standards which requires that:

- Government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- Externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Cash and cash equivalents

Cash and cash equivalents include deposits in the Provincial Ministry of Finance Central Deposit Program that are readily convertible to known amounts of cash and that are subject to insignificant risk of change in value. These cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investing.

c) Accounts Receivable

Accounts receivable are measured at amortized cost and shown net of allowance for doubtful accounts.

d) Unearned Revenue

Unearned revenue 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. Revenue will be recognized in that future period when the courses, services, or products are provided.

e) Deferred Revenue and Deferred Capital Revenue

Deferred revenue includes contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in Note 2 (l).

Funding received for the acquisition of depreciable tangible capital assets is recorded as deferred capital revenue and amortized over the life of the asset acquired as revenue in the Statement of Operations. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized as revenue over the period that the liability is extinguished.

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Employee Future Benefits

The School District provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements.

The School District accrues its obligations and related costs including non-vested benefits under employee future benefit plans. Benefits include accumulating non-vested sick leave, early retirement, retirement/severance, vacation and death benefits. The benefits cost is actuarially determined using the projected unit credit method pro-rated on service and using management's best estimate of expected salary escalation, termination rates, retirement rates and mortality. The discount rate used to measure obligations is based on the cost of borrowing.

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan.

The most recent valuation of the obligation was performed at March 31, 2016 and projected to March 31, 2019. The next valuation will be performed for use at June 30, 2020. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of March 31 was adopted for all periods subsequent to July 1, 2004.

The School District and its employees make contributions to the Teachers' Pension Plan and Municipal Pension Plan. The plans are multi-employer plans where assets and obligations are not separated. The costs are expensed as incurred.

g) Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

h) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the School District:
 - is directly responsible; or
 - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Tangible Capital Assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost also includes overhead directly attributable to construction.
- Donated tangible capital assets are recorded at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.
- Work-in-progress is recorded as a transfer to the applicable asset class at substantial completion.
- Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the School District to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.
- Buildings that are demolished or destroyed are written-off.
- Work of art, historic assets and other intangible assets are not recorded as assets in these financial statements.
- The cost, less residual value, of tangible capital assets (excluding sites), is amortized on a straight-line basis over the estimated useful life of the asset. It is management's responsibility to determine the appropriate useful lives for tangible capital assets. These useful lives are reviewed on a regular basis or if significant events initiate the need to revise. Estimated useful life is as follows:

Buildings	40 years
Furniture & Equipment	10 years
Vehicles	10 years
Computer Software	5 years
Computer Hardware	5 years

j) Prepaid Expenses

Amounts for insurance and other services are included as a prepaid expense and stated at acquisition cost and are charged to expense over the periods expected to benefit from it.

k) Funds and Reserves

Certain amounts, as approved by the Board are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved.

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Contributions received or where eligibility criteria have been met are recognized as revenue except where the contribution meets the criteria for deferral as described below. Eligibility criteria are the criteria that the School District has to meet in order to receive the contributions including authorization by the transferring government.

For contributions subject to a legislative or contractual stipulation or restriction as to their use, revenue is recognized as follows:

- Non-capital contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the year related expenses are incurred,
- Contributions restricted for site acquisitions are recorded as revenue when the sites are purchased, and
- Contributions restricted for tangible capital assets acquisitions other than sites are recorded as deferred capital revenue and amortized over the useful life of the related assets.

Donated tangible capital assets other than sites are recorded at fair market value and amortized over the useful life of the assets. Donated sites are recorded as revenue at fair market value when received or receivable.

The accounting treatment for restricted contributions is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer is recognized as revenue over the period that the liability is extinguished.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Investment income is reported in the period earned. When required by the funding party or related Act, investment income earned on deferred revenue is added to the deferred revenue balance.

m) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Allocation of Costs

- Operating expenses are reported by function, program, and object. Whenever possible, allocations of expenses to functions are determined by actual identification. Additional costs pertaining to specific instructional programs, such as special and aboriginal education, are allocated to these programs. All other costs are allocated to related programs.
- Actual salaries of personnel assigned to two or more functions or programs are allocated based on the time spent in each function and program. School-based clerical salaries are allocated to school administration and partially to other programs to which they may be assigned. Principals and Vice-Principals salaries are allocated to school administration and may be partially allocated to other programs to recognize their other responsibilities.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Financial instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The School District recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and other current liabilities.

All financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

Unrealized gains and losses from changes in fair value of financial instruments measured as fair value are recognized in the statement of re-measurement gains and losses and recognized in the statement of operations. There are no measurement gains or losses during the periods presented; therefore no statement of re-measurement gains or losses is included in these financial statements.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

o) Measurement Uncertainty

Preparation of financial statements in accordance with the basis of accounting described in note 2(a) requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the potential impairment of assets, liabilities for contaminated sites, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 3 ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Due from Province		
Ministry of Education (OLEP French)	\$ 37,203	\$ 44,773
Ministry of Education (FSA Marking)	8,187	-
Ministry of Education (Bylaw Projects)	317,541	-
Ministry of Education (Annual Facility Grant)	<u>64,593</u>	<u>119,990</u>
	<u>\$ 427,524</u>	<u>\$ 164,763</u>

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2018</u>	<u>2017</u>
Accounts Payable and Accrued Liabilities:		
Accounts Payable Other		
Trade payables	\$ 3,404,865	\$ 2,362,793
Employee Vacation Payable	399,958	455,878
Salaries and Benefits Payable	<u>2,840,326</u>	<u>2,028,852</u>
	<u>\$ 6,645,149</u>	<u>\$ 4,847,523</u>

NOTE 5 UNEARNED REVENUE

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 4,255,577	\$ 4,389,112
Changes for the year:		
Increase:		
Tuition fees collected	<u>3,475,974</u>	<u>4,255,577</u>
	7,731,551	8,644,689
Decrease:		
Tuition fee revenue recognized	<u>4,255,577</u>	<u>4,389,112</u>
Balance, end of year	<u>\$ 3,475,974</u>	<u>\$ 4,255,577</u>

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 6 DEFERRED REVENUE

Deferred revenue includes unspent grants and contributions received that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board, i.e., the stipulations associated with those grants and contributions have not yet been fulfilled.

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 2,253,947	\$ 2,007,797
Increases:		
Provincial Grant - Ministry of Education	8,016,066	3,855,551
Other Revenue	1,787,583	1,755,409
	<u>9,803,649</u>	<u>5,610,960</u>
Decreases:		
Allocated to Revenue	8,919,126	5,364,810
	<u>884,253</u>	<u>246,150</u>
Net Change for the year	884,253	246,150
Balance, end of year	<u>\$ 3,138,470</u>	<u>\$ 2,253,947</u>

NOTE 7 DEFERRED CAPITAL REVENUE

Deferred capital revenue includes grants and contributions received that are restricted by the contributor for the acquisition of tangible capital assets that meet the description of a restricted contribution in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. Once spent, the contributions are amortized into revenue over the life of the asset acquired.

	<u>2018</u>	<u>2017</u>
Deferred Capital Revenue		
Balance, beginning of year	\$ 78,653,140	\$ 70,563,404
Increases:		
Provincial Grant - Ministry of Education	13,393,485	8,914,960
Provincial Grants – Other	26,153	123,856
Other Revenue	308,190	643,393
Investment Income	63,762	40,916
	<u>13,791,590</u>	<u>9,723,125</u>
Decreases:		
Amortization	2,176,523	1,633,389
	<u>2,176,523</u>	<u>1,633,389</u>
Net Change for the year	11,615,067	8,089,736
Balance, end of year	<u>\$ 90,268,207</u>	<u>\$ 78,653,140</u>

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 8 EMPLOYEE FUTURE BENEFITS

Benefits include accumulating non-vested sick leave, early retirement, retirement/severance, vacation and death benefits. Funding is provided when the benefits are paid and accordingly, there are no plan assets.

	<u>2018</u>	<u>2017</u>
Reconciliation of Accrued Benefit Obligation		
Accrued Benefit Obligation – April 1	\$ 2,891,033	\$ 2,893,269
Service Cost	227,586	229,313
Interest Cost	82,729	75,037
Benefit Payments	(252,603)	(296,057)
Actuarial (Gain) Loss	47,418	(10,529)
Accrued Benefit Obligation – March 31	<u>\$ 2,996,163</u>	<u>\$ 2,891,033</u>
Reconciliation of Funded Status at End of Fiscal Year		
Accrued Benefit Obligation – March 31	\$ 2,996,163	\$ 2,891,033
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	2,996,163	2,891,033
Employer Contribution After Measurement Date	(32,274)	(85,698)
Employer Expense After Measurement Date	83,862	77,578
Unamortized Net Actuarial (Gain) Loss	224,384	300,517
Accrued Benefit Obligation – June 30	<u>\$ 3,272,135</u>	<u>\$ 3,183,430</u>
Accrued Benefit Liability -July 1		
Accrued Benefit Liability - July 1	3,183,430	3,070,171
Net expense for Fiscal Year	287,884	278,058
Employer Payments	(199,179)	(164,799)
Accrued Benefit Obligation – June 30	<u>\$ 3,272,135</u>	<u>\$ 3,183,430</u>
Components of Net Benefit Expense		
Service Cost	\$ 232,949	\$ 228,882
Interest Cost	83,650	76,960
Amortization of Net Actuarial Gain	(28,715)	(27,784)
Net Benefit Expense	<u>\$ 287,884</u>	<u>\$ 278,058</u>
Assumptions		
Discount Rate – April 1	2.75 %	2.50%
Discount Rate – March 31	2.75 %	2.75%
Long Term Salary Growth – April 1	2.50 % + seniority	2.50% + seniority
Long Term Salary Growth – March 31	2.50 % + seniority	2.50% + seniority
EARSL – March 31	11.3	11.3

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 9 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2018	Net Book Value 2017
Sites	\$ 13,308,712	\$ 13,308,712
Buildings	71,235,651	67,885,809
Buildings – work in progress	17,876,464	9,060,494
Furniture & Equipment	1,113,515	983,861
Vehicles	57,921	76,146
Computer Software	2,673	8,071
Computer Hardware	1,937,858	1,514,566
Total	<u>\$ 105,532,784</u>	<u>\$ 92,837,659</u>

June 30, 2018

Cost:	Opening balance	Additions	Disposals	Transfers (WIP)	Ending balance
Sites	\$ 13,308,712	\$ -	\$ -	\$ -	\$ 13,308,712
Buildings	102,146,492	1,136,108	-	4,514,818	107,797,418
Buildings–work in progress	9,060,494	13,330,778	-	(4,514,818)	17,876,454
Furniture & Equipment	1,162,361	245,890	-	-	1,408,251
Vehicles	182,254	-	-	-	182,254
Computer Software	26,990	-	(13,626)	-	13,364
Computer Hardware	1,736,531	770,598	(5,383)	-	2,501,746
Total	\$ 127,623,834	\$ 15,483,374	\$ (19,009)	\$ -	\$ 143,088,199

Accumulated Amortization:	Opening balance	Additions	Disposals	Transfers (WIP)	Ending balance
Buildings	\$ 34,260,683	\$ 2,301,084	\$ -	\$ -	\$ 36,561,767
Furniture & Equipment	178,500	116,236	-	-	294,736
Vehicles	106,108	18,225	-	-	124,333
Computer Software	18,919	5,398	(13,626)	-	10,691
Computer Hardware	221,965	347,306	(5,383)	-	563,888
Total	\$ 34,786,175	\$ 2,788,249	\$ (19,009)	\$ -	\$ 37,555,415

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 9 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2017

Cost:	Opening balance	Additions	Disposals	Transfers (WIP)	Ending balance
Sites	\$ 13,308,712	\$ -	\$ -	\$ -	\$ 13,308,712
Buildings	80,234,394	1,185,222	-	20,726,876	102,146,492
Buildings—work in progress	22,266,476	7,520,894	-	(20,726,876)	9,060,494
Furniture & Equipment	611,138	428,958	-	122,265	1,162,361
Furniture & Equipment – WIP	-	122,265	-	(122,265)	-
Vehicles	167,771	14,483	-	-	182,254
Computer Software	45,707	-	(18,717)	-	26,990
Computer Hardware	905,571	895,592	(64,632)	-	1,736,531
	\$117,539,769	\$ 10,167,414	\$ (83,349)	\$ -	\$ 127,623,834
Accumulated Amortization:	Opening balance	Additions	Disposals	Transfers (WIP)	Ending balance
Buildings	\$ 32,499,254	\$ 1,761,429	\$ -	\$ -	\$ 34,260,683
Furniture & Equipment	117,386	61,114	-	-	178,500
Vehicles	89,331	16,777	-	-	106,108
Computer Software	28,495	9,141	(18,717)	-	18,919
Computer Hardware	105,483	181,114	(64,632)	-	221,965
	\$ 32,839,949	\$ 2,029,575	\$ (83,349)	\$ -	\$ 34,786,175

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 10 EMPLOYEE PENSION PLANS

The School District and its employees contribute to the Teachers' Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The board of trustees for these plans represents plan members and employers and is responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are based on a formula. As at December 31, 2016, the Teachers' Pension Plan has about 45,000 active members from school districts, and approximately 37,000 retired members from school districts. As of December 31, 2016, the Municipal Pension Plan has about 193,000 active members, of which approximately 24,000 are from school districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and the adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. The rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2014 indicated a \$449 million surplus for basic pension benefits on a going concern basis. As a result of the 2014 basic account actuarial valuation surplus and pursuant to the joint trustee agreement the employer basic contribution rate decreased.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$ 1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rate remained unchanged.

The next valuation for the Teachers' Pension Plan will be as at December 31, 2017, with results available in 2018. The next valuation for the Municipal Pension Plan will be as at December 31, 2018, with results available in 2019.

Employers participating in these plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets in aggregate resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The School District paid \$6,385,576 (2017: \$5,942,646) for employer contributions to these plans in the year ended June 30, 2018.

NOTE 11 RELATED PARTY TRANSACTIONS

The School District is related through common control to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 12 BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board through the adoption of an Amended Annual Budget on February 27, 2018. The table below presents the Amended Annual Budget and the initial Annual Budget as submitted to the Ministry in June 2017.

	2018 Amended		2018
	Annual Budget	Adjustments	Annual Budget
Ministry Operating grant Funded FTE's			
School-Age	6,661,563	(21,863)	6,639,700
Adult	576,875	7,125	584,000
Other	-		
Total Ministry Operating Grant Funded FTE's	7,238,438	(14,738)	7,223,700
Revenues			
Provincial Grants			
Ministry of Education	\$ 70,020,164	\$ (1,400,134)	\$ 68,620,030
Other	223,856	(223,856)	0
Tuition	5,260,562	(100,562)	5,160,000
Other Revenues	1,790,235	(30,235)	1,760,000
Rentals and Leases	250,000	(80,000)	170,000
Investment Income	201,000	(100,000)	101,000
Amortization of Deferred Capital Revenue	2,176,523	(76,523)	2,100,000
Total Revenue	\$ 79,922,340	\$ (2,011,310)	\$ 77,911,030
Expenses			
Instructional	67,032,276	(1,286,304)	65,745,972
District Administration	3,642,627	(283,892)	3,358,735
Operations and Maintenance	9,892,341	(483,943)	9,408,398
Transportation and Housing	256,877	(20,500)	236,377
Total Expense	80,824,121	(2,074,639)	78,749,482
Net Revenue (Expense)	(901,781)	63,329	(838,452)
Budget Allocation (Retirement) of Surplus (Deficit)	556,849	787,667	488,469
Budget Surplus Deficit for the Year	(344,932)	724,338	(349,983)
Budgeted Surplus (Deficit), for the year comprised of			
Operating Fund Surplus (Deficit)		-	-
Capital Fund Surplus (Deficit)	(344,932)	(5,051)	(349,983)
Budget Surplus (Deficit), for the year	\$ -	\$ -	\$ -

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 13 CONTRACTUAL OBLIGATIONS

The School District has entered into a number of multi-year contracts for the delivery of services. These contractual obligations will become liabilities in the future when the goods and services are received. The following information relates to the unperformed portion of the contracts.

	<u>Expiry Date</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
Graham Construction	May 2020	\$ 40,818,100	18,706,400	16,017,500
Columbia Square Plaza	April 2021	224,960	229,950	172,462
Photocopier Leases	June 2020	140,740	140,740	-
Totals		\$ 41,183,800	\$ 19,077,090	\$ 16,189,962

NOTE 14 ASSET RETIREMENT OBLIGATIONS

Legal liabilities may exist for the removal or disposal of asbestos in schools that will undergo major renovations or demolition. The fair value of the liability for asbestos removal or disposal will be recognized in the period in which it can be reasonably estimated. As at June 30, 2018, the liability is not reasonably determinable and therefore has not been accrued.

NOTE 15 EXPENSE BY OBJECT

	<u>2018</u>	<u>2017</u>
Salaries and benefits	\$ 65,150,289	\$ 61,069,640
Services and supplies	8,848,033	8,797,881
Amortization	2,788,249	2,029,575
Totals	\$ 76,786,571	\$ 71,897,096

NOTE 16 ACCUMULATED SURPLUS

	<u>2018</u>	<u>2017</u>
Local Capital	\$ 90,698	\$ 250,572
Invested in Tangible Capital Assets	20,319,227	19,696,283
Internally restricted:		
School Surplus	94,634	156,530
Recap and Power Local Grants	9,701	-
Surplus Applied to 2018-2019 Budget	231,567	-
Surplus Applied to 2017-2018 Budget	-	488,469
District Initiative Program	1,150,000	-
Commitments Outstanding	462,844	1,270,347
Board Internally Restricted	500,000	500,000
Total Internally Restricted	2,448,746	2,415,346
Unrestricted Operating Surplus	3,161,199	1,619,557
Total Accumulated Surplus, end of year	\$ 26,019,870	\$ 23,981,758

NOTE 17 ECONOMIC DEPENDENCE

The operations of the School District are dependent on continued funding from the Ministry of Education and various governmental agencies to carry out its programs. These financial statements have been prepared on a going concern basis.

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 18 RISK MANAGEMENT

The School District has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board ensures that the School District has identified its risks and ensures that management monitors and controls them.

a) Credit risk:

Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash, cash equivalents and amounts receivable.

The School District is exposed to credit risk in the event of non-performance by a borrower. This risk is mitigated as most amounts receivable are due from the Province and are collectible.

It is management's opinion that the School District is not exposed to significant credit risk associated with its cash and cash equivalents as they are placed in recognized British Columbia institutions and the School District invests solely in placement of funds with institutions that have achieved the highest creditworthiness in the marketplace and earned a public reputation as a good credit risk.

b) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. It is management's opinion that the School District is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are insignificant.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The School District is exposed to interest rate risk through its cash equivalents. It is management's opinion that the School District is not exposed to significant interest rate risk as they invest solely in investments that are considered liquid (e.g. term deposits) that have a maturity date of no more than 3 years.

c) Liquidity risk:

Liquidity risk is the risk that the School District will not be able to meet its financial obligations as they become due.

The School District manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the School District's reputation.

Risk Management and insurance services for all School Districts in British Columbia are provided by the Risk Management Branch of the Ministry of Finance.

NOTE 19 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

School District No. 40 (New Westminster)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund
Year Ended June 30, 2018

	Operating Fund	Special Purpose Fund	Capital Fund	2018 Actual	2017 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	4,034,903		19,946,855	23,981,758	21,962,398
Changes for the year					
Surplus (Deficit) for the year	2,431,616	215,794	(609,298)	2,038,112	2,019,360
Interfund Transfers					
Tangible Capital Assets Purchased	(856,574)	(215,794)	1,072,368	-	
Net Changes for the year	1,575,042	-	463,070	2,038,112	2,019,360
Accumulated Surplus (Deficit), end of year - Statement 2	5,609,945	-	20,409,925	26,019,870	23,981,758

School District No. 40 (New Westminster)

Schedule of Operating Operations

Year Ended June 30, 2018

Schedule 2 (Unaudited)

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenues			
Provincial Grants			
Ministry of Education	61,432,074	61,607,935	60,494,341
Other	100,000	113,700	136,782
Tuition	5,260,562	5,202,597	5,365,530
Other Revenue	360,000	239,455	389,984
Rentals and Leases	250,000	250,540	309,671
Investment Income	200,000	312,379	218,271
Total Revenue	67,602,636	67,726,606	66,914,579
Expenses			
Instruction	57,249,823	55,097,218	54,984,442
District Administration	3,642,627	3,300,180	2,978,711
Operations and Maintenance	6,978,383	6,693,924	6,519,431
Transportation and Housing	238,652	203,668	215,843
Total Expense	68,109,485	65,294,990	64,698,427
Operating Surplus (Deficit) for the year	(506,849)	2,431,616	2,216,152
Budgeted Appropriation (Retirement) of Surplus (Deficit)	556,849		
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(50,000)	(856,574)	(1,339,033)
Total Net Transfers	(50,000)	(856,574)	(1,339,033)
Total Operating Surplus (Deficit), for the year	-	1,575,042	877,119
Operating Surplus (Deficit), beginning of year		4,034,903	3,157,784
Operating Surplus (Deficit), end of year		5,609,945	4,034,903
Operating Surplus (Deficit), end of year			
Internally Restricted (Note 16)		2,448,746	2,415,346
Unrestricted		3,161,199	1,619,557
Total Operating Surplus (Deficit), end of year		5,609,945	4,034,903

School District No. 40 (New Westminster)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Provincial Grants - Ministry of Education			
Operating Grant, Ministry of Education	60,471,507	60,461,756	59,118,829
Other Ministry of Education Grants			
Pay Equity	521,853	521,853	521,853
Funding for Graduated Adults	30,000	155,859	56,497
Transportation Supplement	6,073	6,073	6,073
Economic Stability Dividend		40,024	34,998
Return of Administrative Savings	295,560	295,560	295,560
Carbon Tax Grant	50,000	52,150	88,722
Student Learning Grant			352,222
FSA Exam Marking	8,187	8,187	8,187
My Education BC		500	500
Shoulder Tappers	6,600	23,679	10,900
Support Staff Standardization Plan	42,294	42,294	-
Total Provincial Grants - Ministry of Education	61,432,074	61,607,935	60,494,341
Provincial Grants - Other	100,000	113,700	136,782
Tuition			
Summer School Fees	140,562	140,562	121,824
Continuing Education	240,000	174,721	275,628
International and Out of Province Students	4,880,000	4,887,314	4,968,078
Total Tuition	5,260,562	5,202,597	5,365,530
Other Revenues			
Miscellaneous			
Instructional Cafeteria Revenue	130,000	128,852	134,448
Apprenticeship Program	50,000	-	7,500
Miscellaneous	180,000	110,603	248,036
Total Other Revenue	360,000	239,455	389,984
Rentals and Leases	250,000	250,540	309,671
Investment Income	200,000	312,379	218,271
Total Operating Revenue	67,602,636	67,726,606	66,914,579

School District No. 40 (New Westminster)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Salaries			
Teachers	30,799,641	28,999,036	28,730,204
Principals and Vice Principals	3,477,995	3,550,998	3,335,229
Educational Assistants	4,636,047	4,947,416	4,930,457
Support Staff	5,560,821	5,547,553	5,284,660
Other Professionals	2,344,202	2,231,752	2,347,146
Substitutes	1,367,946	1,830,766	1,755,604
Total Salaries	48,186,652	47,107,521	46,383,300
Employee Benefits	12,077,262	11,508,720	11,504,076
Total Salaries and Benefits	60,263,914	58,616,241	57,887,376
Services and Supplies			
Services	2,085,088	2,079,458	2,120,640
Student Transportation	157,000	107,725	112,820
Professional Development and Travel	496,400	480,537	508,202
Rentals and Leases	260,000	263,798	218,904
Dues and Fees	130,800	139,689	121,391
Insurance	131,000	83,783	151,882
Supplies	3,469,083	2,421,942	2,516,362
Utilities	1,116,200	1,088,898	1,060,850
Bad Debts		12,919	
Total Services and Supplies	7,845,571	6,678,749	6,811,051
Total Operating Expense	68,109,485	65,294,990	64,698,427

School District No. 40 (New Westminster)

Operating Expense by Function, Program and Object
Year Ended June 30, 2018

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	25,327,667	1,033,253		197,641		1,185,108	27,743,669
1.03 Career Programs	236,349			133,462		22,191	392,002
1.07 Library Services	61,235			38,969		3,125	103,329
1.08 Counselling	516,246			19,388	49,090	4,727	589,451
1.10 Special Education	1,870,215	117,883	4,894,192			435,416	7,317,706
1.30 English Language Learning	767,427					9,602	777,029
1.31 Aboriginal Education	106,525		53,224	269,971		4,773	434,493
1.41 School Administration		2,245,436		1,519,688		52,130	3,817,254
1.60 Summer School	113,018	32,280		681			145,979
1.62 International and Out of Province Students		112,811		50,988	270,857	144	434,800
Total Function 1	28,998,682	3,541,663	4,947,416	2,230,788	319,947	1,717,216	41,755,712
4 District Administration							
4.11 Educational Administration		9,335		55,845	388,553	164	453,897
4.40 School District Governance					195,747		195,747
4.41 Business Administration	354			411,745	928,318	13,418	1,353,835
Total Function 4	354	9,335	-	467,590	1,512,618	13,582	2,003,479
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration				106,036	286,381	1,468	393,885
5.50 Maintenance Operations				2,296,568	112,806	89,778	2,499,152
5.52 Maintenance of Grounds				334,535		3,517	338,052
5.56 Utilities							-
Total Function 5	-	-	-	2,737,139	399,187	94,763	3,231,089
7 Transportation and Housing							
7.70 Student Transportation				112,036		5,205	117,241
Total Function 7	-	-	-	112,036	-	5,205	117,241
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	28,999,036	3,550,998	4,947,416	5,547,553	2,231,752	1,830,766	47,107,521

School District No. 40 (New Westminster)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2018

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$	\$	\$	\$	\$
1 Instruction							
1.02 Regular Instruction	27,743,669	7,050,918	34,794,587	2,315,004	37,109,591	38,210,004	36,097,480
1.03 Career Programs	392,002	95,668	487,670	78,815	566,485	282,741	988,696
1.07 Library Services	103,329	29,848	133,177	30,380	163,557	102,592	604,472
1.08 Counselling	589,451	149,278	738,729	10,712	749,441	657,926	946,820
1.10 Special Education	7,317,706	1,769,996	9,087,702	93,280	9,180,982	9,828,397	9,985,651
1.30 English Language Learning	777,029	185,433	962,462	5,827	968,289	101,029	2,863
1.31 Aboriginal Education	434,493	104,225	538,718	12,380	551,098	364,613	451,690
1.41 School Administration	3,817,254	869,800	4,687,054	16,890	4,703,944	5,106,194	4,739,120
1.60 Summer School	145,979	26,760	172,739	9,633	182,372	-	182,642
1.62 International and Out of Province Students	434,800	95,887	530,687	390,772	921,459	2,596,327	985,008
Total Function 1	41,755,712	10,377,813	52,133,525	2,963,693	55,097,218	57,249,823	54,984,442
4 District Administration							
4.11 Educational Administration	453,897	91,983	545,880	371,582	917,462	886,591	865,848
4.40 School District Governance	195,747	9,271	205,018	91,103	296,121	305,185	255,570
4.41 Business Administration	1,353,835	268,719	1,622,554	464,043	2,086,597	2,450,851	1,857,293
Total Function 4	2,003,479	369,973	2,373,452	926,728	3,300,180	3,642,627	2,978,711
5 Operations and Maintenance							
5.41 Operations and Maintenance Administration	393,885	80,906	474,791	96,801	571,592	614,860	573,189
5.50 Maintenance Operations	2,499,152	588,283	3,087,435	1,537,716	4,625,151	5,004,487	4,566,691
5.52 Maintenance of Grounds	338,052	83,109	421,161	35,816	456,977	242,836	360,916
5.56 Utilities	-	-	-	1,040,204	1,040,204	1,116,200	1,018,635
Total Function 5	3,231,089	752,298	3,983,387	2,710,537	6,693,924	6,978,383	6,519,431
7 Transportation and Housing							
7.70 Student Transportation	117,241	8,636	125,877	77,791	203,668	238,652	215,843
Total Function 7	117,241	8,636	125,877	77,791	203,668	238,652	215,843
9 Debt Services							
Total Function 9	-	-	-	-	-	-	-
Total Functions 1 - 9	47,107,521	11,508,720	58,616,241	6,678,749	65,294,990	68,109,485	64,698,427

School District No. 40 (New Westminster)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations
Year Ended June 30, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Revenues			
Provincial Grants			
Ministry of Education	8,588,090	7,028,507	3,643,915
Other Revenue	1,430,235	1,890,619	1,720,895
Total Revenue	10,018,325	8,919,126	5,364,810
Expenses			
Instruction	9,782,453	8,683,254	5,108,860
District Administration			60,234
Operations and Maintenance	20,078	20,078	
Total Expense	9,802,531	8,703,332	5,169,094
Special Purpose Surplus (Deficit) for the year	215,794	215,794	195,716
Net Transfers (to) from other funds			
Tangible Capital Assets Purchased	(215,794)	(215,794)	(195,716)
Total Net Transfers	(215,794)	(215,794)	(195,716)
Total Special Purpose Surplus (Deficit) for the year	-	-	-
Special Purpose Surplus (Deficit), beginning of year			
Special Purpose Surplus (Deficit), end of year		-	-

School District No. 40 (New Westminster)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2018

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	-	-	26,190	447,615	1,256,017	-	8,080	25,232	167,106
Add: Restricted Grants									
Provincial Grants - Ministry of Education	235,872	243,477				96,000	19,600	124,011	1,500,780
Other				111,163	1,499,371				85,999
	235,872	243,477	-	111,163	1,499,371	96,000	19,600	124,011	1,586,779
Less: Allocated to Revenue	235,872	243,477	-	122,040	1,594,649	96,000	18,195	131,185	1,271,627
Deferred Revenue, end of year	-	-	26,190	436,738	1,160,739	-	9,485	18,058	482,258
Revenues									
Provincial Grants - Ministry of Education	235,872	243,477				96,000	18,195	131,185	1,185,628
Other Revenue				122,040	1,594,649				85,999
	235,872	243,477	-	122,040	1,594,649	96,000	18,195	131,185	1,271,627
Expenses									
Salaries									
Teachers								55,441	322,618
Educational Assistants		181,451							349,780
Support Staff						72,426			130,040
Other Professionals									38,359
Substitutes		8,690					4,466	9,009	14,060
	-	190,141	-	-	-	72,426	4,466	64,450	854,857
Employee Benefits		53,336				23,574	456	17,377	221,485
Services and Supplies	20,078			122,040	1,594,649		13,273	49,358	195,285
	20,078	243,477	-	122,040	1,594,649	96,000	18,195	131,185	1,271,627
Net Revenue (Expense) before Interfund Transfers	215,794	-	-	-	-	-	-	-	-
Interfund Transfers									
Tangible Capital Assets Purchased	(215,794)								
	(215,794)	-	-	-	-	-	-	-	-
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 40 (New Westminster)

Changes in Special Purpose Funds and Expense by Object
Year Ended June 30, 2018

	Coding and Curriculum Implementation	Priority Measures	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	Arts in Education	Textile Recycling	Firefighters Donation	United Way	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred Revenue, beginning of year	62,098	220,403			1,585	14,445	-	25,176	2,253,947
Add: Restricted Grants									
Provincial Grants - Ministry of Education			469,600	5,326,726					8,016,066
Other					4,500	9,629	2,500	74,421	1,787,583
	-	-	469,600	5,326,726	4,500	9,629	2,500	74,421	9,803,649
Less: Allocated to Revenue	4,476	220,403	469,600	4,423,671	6,085	20	-	81,826	8,919,126
Deferred Revenue, end of year	57,622	-	-	903,055	-	24,054	2,500	17,771	3,138,470
Revenues									
Provincial Grants - Ministry of Education	4,476	220,403	469,600	4,423,671					7,028,507
Other Revenue					6,085	20		81,826	1,890,619
	4,476	220,403	469,600	4,423,671	6,085	20	-	81,826	8,919,126
Expenses									
Salaries									
Teachers		169,208	20,000	3,458,362					4,025,629
Educational Assistants			22,500						553,731
Support Staff			112,500						314,966
Other Professionals			15,000					63,931	117,290
Substitutes	521	17	52,559	181,094					270,416
	521	169,225	222,559	3,639,456	-	-	-	63,931	5,282,032
Employee Benefits		51,178	83,400	784,215				16,995	1,252,016
Services and Supplies	3,955		163,641		6,085	20		900	2,169,284
	4,476	220,403	469,600	4,423,671	6,085	20	-	81,826	8,703,332
Net Revenue (Expense) before Interfund Transfers	-	-	-	-	-	-	-	-	215,794
Interfund Transfers									
Tangible Capital Assets Purchased									(215,794)
	-	-	-	-	-	-	-	-	(215,794)
Net Revenue (Expense)	-	-	-	-	-	-	-	-	-

School District No. 40 (New Westminster)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2018

	2018 Budget	2018 Actual			2017 Actual
	\$	Invested in Tangible Capital Assets	Local Capital	Fund Balance	\$
Revenues					
Provincial Grants					
Other	123,856			-	
Investment Income	1,000		2,428	2,428	3,678
Amortization of Deferred Capital Revenue	2,176,523	2,176,523		2,176,523	1,633,389
Total Revenue	2,301,379	2,176,523	2,428	2,178,951	1,637,067
Expenses					
Operations and Maintenance	123,856			-	
Amortization of Tangible Capital Assets					
Operations and Maintenance	2,770,024	2,770,024		2,770,024	2,012,798
Transportation and Housing	18,225	18,225		18,225	16,777
Total Expense	2,912,105	2,788,249	-	2,788,249	2,029,575
Capital Surplus (Deficit) for the year	(610,726)	(611,726)	2,428	(609,298)	(392,508)
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	265,794	1,072,368		1,072,368	1,534,749
Total Net Transfers	265,794	1,072,368	-	1,072,368	1,534,749
Other Adjustments to Fund Balances					
Tangible Capital Assets Purchased from Local Capital		162,302	(162,302)	-	
Total Other Adjustments to Fund Balances		162,302	(162,302)	-	
Total Capital Surplus (Deficit) for the year	(344,932)	622,944	(159,874)	463,070	1,142,241
Capital Surplus (Deficit), beginning of year		19,696,283	250,572	19,946,855	18,804,614
Capital Surplus (Deficit), end of year		20,319,227	90,698	20,409,925	19,946,855

School District No. 40 (New Westminster)

Schedule 4A (Unaudited)

Tangible Capital Assets
Year Ended June 30, 2018

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	13,308,712	102,146,492	1,162,361	182,254	26,990	1,736,531	118,563,340
Changes for the Year							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		771,851					771,851
Deferred Capital Revenue - Other			146,075				146,075
Operating Fund			85,976			770,598	856,574
Special Purpose Funds		215,794					215,794
Local Capital		148,463	13,839				162,302
Transferred from Work in Progress		4,514,818					4,514,818
	-	5,650,926	245,890	-	-	770,598	6,667,414
Decrease:							
Deemed Disposals					13,626	5,383	19,009
	-	-	-	-	13,626	5,383	19,009
Cost, end of year	13,308,712	107,797,418	1,408,251	182,254	13,364	2,501,746	125,211,745
Work in Progress, end of year		17,876,454					17,876,454
Cost and Work in Progress, end of year	13,308,712	125,673,872	1,408,251	182,254	13,364	2,501,746	143,088,199
Accumulated Amortization, beginning of year		34,260,683	178,500	106,108	18,919	221,965	34,786,175
Changes for the Year							
Increase: Amortization for the Year		2,301,084	116,236	18,225	5,398	347,306	2,788,249
Decrease:							
Deemed Disposals					13,626	5,383	19,009
		-	-	-	13,626	5,383	19,009
Accumulated Amortization, end of year		36,561,767	294,736	124,333	10,691	563,888	37,555,415
Tangible Capital Assets - Net	13,308,712	89,112,105	1,113,515	57,921	2,673	1,937,858	105,532,784

School District No. 40 (New Westminster)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress
Year Ended June 30, 2018

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
Work in Progress, beginning of year	9,060,494				9,060,494
Changes for the Year					
Increase:					
Deferred Capital Revenue - Bylaw	13,330,778				13,330,778
	13,330,778	-	-	-	13,330,778
Decrease:					
Transferred to Tangible Capital Assets	4,514,818				4,514,818
	4,514,818	-	-	-	4,514,818
Net Changes for the Year	8,815,960	-	-	-	8,815,960
Work in Progress, end of year	17,876,454	-	-	-	17,876,454

School District No. 40 (New Westminster)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2018

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
Deferred Capital Revenue, beginning of year	63,953,585		133,695	64,087,280
Changes for the Year				
Increase:				
Transferred from Deferred Revenue - Capital Additions	771,851	146,075		917,926
Transferred from Work in Progress	4,514,818			4,514,818
	5,286,669	146,075	-	5,432,744
Decrease:				
Amortization of Deferred Capital Revenue	2,173,025		3,498	2,176,523
	2,173,025	-	3,498	2,176,523
Net Changes for the Year	3,113,644	146,075	(3,498)	3,256,221
Deferred Capital Revenue, end of year	67,067,229	146,075	130,197	67,343,501
Work in Progress, beginning of year	7,052,442	2,008,047		9,060,489
Changes for the Year				
Increase				
Transferred from Deferred Revenue - Work in Progress	13,330,778			13,330,778
	13,330,778	-	-	13,330,778
Decrease				
Transferred to Deferred Capital Revenue	4,514,818			4,514,818
	4,514,818	-	-	4,514,818
Net Changes for the Year	8,815,960	-	-	8,815,960
Work in Progress, end of year	15,868,402	2,008,047	-	17,876,449
Total Deferred Capital Revenue, end of year	82,935,631	2,154,122	130,197	85,219,950

School District No. 40 (New Westminster)

Schedule 4D (Unaudited)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2018

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	2,065,837	2,173	123,856	3,313,505	-	5,505,371
Changes for the Year						
Increase:						
Provincial Grants - Ministry of Education	13,393,485					13,393,485
Provincial Grants - Other			26,153			26,153
Other				308,190		308,190
Investment Income	19,545			44,217		63,762
	13,413,030	-	26,153	352,407	-	13,791,590
Decrease:						
Transferred to DCR - Capital Additions	771,851		146,075			917,926
Transferred to DCR - Work in Progress	13,330,778					13,330,778
	14,102,629	-	146,075	-	-	14,248,704
Net Changes for the Year	(689,599)	-	(119,922)	352,407	-	(457,114)
Balance, end of year	1,376,238	2,173	3,934	3,665,912	-	5,048,257

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 9 TANGIBLE CAPITAL ASSETS

Net Book Value:

	Net Book Value 2018	Net Book Value 2017
Sites	\$ 13,308,712	\$ 13,308,712
Buildings	71,235,651	67,885,809
Buildings – work in progress	17,876,464	9,060,494
Furniture & Equipment	1,113,515	983,861
Vehicles	57,921	76,146
Computer Software	2,673	8,071
Computer Hardware	1,937,858	1,514,566
Total	<u>\$ 105,532,784</u>	<u>\$ 92,837,659</u>

June 30, 2018

Cost:	Opening balance	Additions	Disposals	Transfers (WIP)	Ending balance
Sites	\$ 13,308,712	\$ -	\$ -	\$ -	\$ 13,308,712
Buildings	102,146,492	1,136,108	-	4,514,818	107,797,418
Buildings–work in progress	9,060,494	13,330,778	-	(4,514,818)	17,876,454
Furniture & Equipment	1,162,361	245,890	-	-	1,408,251
Vehicles	182,254	-	-	-	182,254
Computer Software	26,990	-	(13,626)	-	13,364
Computer Hardware	1,736,531	770,598	(5,383)	-	2,501,746
Total	\$ 127,623,834	\$ 15,483,374	\$ (19,009)	\$ -	\$ 143,088,199

Accumulated Amortization:	Opening balance	Additions	Disposals	Transfers (WIP)	Ending balance
Buildings	\$ 34,260,683	\$ 2,301,084	\$ -	\$ -	\$ 36,561,767
Furniture & Equipment	178,500	116,236	-	-	294,736
Vehicles	106,108	18,225	-	-	124,333
Computer Software	18,919	5,398	(13,626)	-	10,691
Computer Hardware	221,965	347,306	(5,383)	-	563,888
Total	\$ 34,786,175	\$ 2,788,249	\$ (19,009)	\$ -	\$ 37,555,415

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 9 TANGIBLE CAPITAL ASSETS (Continued)

June 30, 2017

Cost:	Opening balance	Additions	Disposals	Transfers (WIP)	Ending balance
Sites	\$ 13,308,712	\$ -	\$ -	\$ -	\$ 13,308,712
Buildings	80,234,394	1,185,222	-	20,726,876	102,146,492
Buildings—work in progress	22,266,476	7,520,894	-	(20,726,876)	9,060,494
Furniture & Equipment	611,138	428,958	-	122,265	1,162,361
Furniture & Equipment – WIP	-	122,265	-	(122,265)	-
Vehicles	167,771	14,483	-	-	182,254
Computer Software	45,707	-	(18,717)	-	26,990
Computer Hardware	905,571	895,592	(64,632)	-	1,736,531
	\$117,539,769	\$ 10,167,414	\$ (83,349)	\$ -	\$ 127,623,834
Accumulated Amortization:	Opening balance	Additions	Disposals	Transfers (WIP)	Ending balance
Buildings	\$ 32,499,254	\$ 1,761,429	\$ -	\$ -	\$ 34,260,683
Furniture & Equipment	117,386	61,114	-	-	178,500
Vehicles	89,331	16,777	-	-	106,108
Computer Software	28,495	9,141	(18,717)	-	18,919
Computer Hardware	105,483	181,114	(64,632)	-	221,965
	\$ 32,839,949	\$ 2,029,575	\$ (83,349)	\$ -	\$ 34,786,175



School District No. 40 (New Westminster)

**Audit Findings Report
For the year ended June 30, 2018**

KPMG LLP

September 25, 2018

kpmg.ca/audit



The contacts at KPMG in connection with this report are:

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At KPMG, we are **passionate** about earning your **trust**. We take deep **personal accountability**, individually and as a team, to deliver **exceptional service and value** in all our dealings with you.

At the end of the day, we measure our success from the **only perspective that matters – yours**.

Executive summary

Purpose of this report*

The purpose of this Audit Findings Report is to assist you, as a member of the Board of Education (the “Board”), in your review of the results of our audit of the financial statements of School District No. 40 (New Westminster) (“the District”) as at and for the year ended June 30, 2018.

This Audit Findings Report builds on the Audit Plan previously communicated to you dated June 26, 2018.

We appreciate the assistance of management and staff in conducting our audit. We hope this Audit Findings Report is of assistance to you for the purpose above and we look forward to discussing our findings and answering your questions.

Changes from the Audit Plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented you.

Audit risks and results

We discussed with you at the start of the audit a number of financial reporting risks and other areas of audit focus.

We are satisfied that our audit work has appropriately deal with the risks.

See pages 5-9

Adjustments and differences

We identified adjustments that were communicated to management and subsequently corrected in the financial statements.

Furthermore, we identified adjustments that were communicated to management that remain uncorrected.

See page 11

*This Audit Findings Report should not be used for any other purpose or by anyone other than those charged with governance. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Planning Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Executive summary (continued)

Finalizing the audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include the following:

- completing our discussions with the Board;
- completion of subsequent events review procedures;
- obtaining evidence of the Board's approval of the financial statements;
- receipt of the signed management representation letter, to be dated upon approval of the financial statements; and
- reporting to the Office of the Auditor General for the purposes of reliance on our audit opinion in the audit of the summary financial statements of the Province.

We will update you on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

Control and other observations

We did not identify any control deficiencies that we determined to be significant deficiencies in internal controls over financial reporting (ICFR).

Critical accounting estimates

Overall, we are satisfied with the reasonability of critical accounting estimates taken. The most critical areas of estimates relate to the amortization of tangible capital assets, estimates for contingent liabilities and estimates for employee future benefits.

Significant accounting policies and practices

Effective April 1, 2017, the District adopted the new Handbook sections PS 2200 – *Related party disclosures*, PS 3210 – *Assets*, PS 3380 – *Contractual Rights*, PS 3320 – *Contingent assets*, PS 3420 – *Inter-entity transactions*. The adoption of these new standards did not have a significant impact on the financial statements of the District.

Significant accounting policies and practices are disclosed in the notes to the financial statements.

See page 10

Independence

As required by professional standards, we have considered all relationships between KPMG and the District that may have a bearing on independence. We confirm that we are independent with respect to the District within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from July 1, 2017 to the date of this report.

Key areas of focus

Inherent risk of material misstatement is the susceptibility of a balance or assertion to misstatement which could be material, individually or when aggregated with other misstatements, assuming that there are no related controls. We have not identified any significant financial reporting risks. However, we highlight our findings in the areas of audit focus as follows.

Key area of focus	Why	Our audit approach
Salaries and Employee Future Benefits ("EFB")	The District has a defined benefit sick and severance plan covering its employees based on years of service and average salary. Furthermore, the District incurs payroll and other operating costs which are significant expenses of the District's operations.	– The Ministry of Education, on behalf of all School Districts in BC, engages an external actuary to determine the obligations and related costs for both vested and non-vested benefits, which include sick leave, retirement incentive, severance and vacation offered as part of the District's collective agreements. – We use the work of Mercer to provide audit evidence. As such, we reviewed the assumptions used by Mercer, and have concluded that the actuarial assumptions used were reasonable. – We reviewed the disclosures within the financial statements and agreed them to the actuarial report with no issues noted. – We obtained an understanding of the activities over the initiation, authorization, and recording of the payroll & procurement process. – We performed substantive analytical procedures over payroll and other operating costs and found no issues.
Non-capital deferred contributions	Contributions received for specific purposes are recorded as deferred contributions until they are spent on eligible expenditures in accordance with the underlying agreements.	– We obtained documentation indicating that contributions received are for a specific purpose and considered the appropriateness of management's accounting for these contributions in the financial statements. – We ensured that expenses recorded on the financial statements for which the revenue was recognized are related specifically to their intended purpose. No issues were noted.

Key areas of focus (continued)

Key area of focus	Why	Our audit approach
Deferred capital contributions	The District receives restricted contributions for the acquisition of capital assets. These amounts are received for specific purposes and must be spent in accordance with the specifications from external parties.	– We obtained an understanding of the process over contributions received and the acquisition or construction of capital assets and the determination of their useful lives for the purposes of recording amortization. – We performed substantive testing of significant capital assets recorded and contributions received. – We recalculated amortization to ensure it is being recorded on the same basis as the amortization of the related capital asset.
Tangible capital assets	Capital assets acquired or constructed are recorded at cost and are amortized over their estimate useful life.	– Due to the use of the Ministry of Education's amortization tool, tangible capital assets have been historically overstated due to a delay in the commencement of amortization. As at June 30, 2018, the total overstatement of tangible capital assets for assets, which is offset by an overstatement in deferred capital contributions, remains as an uncorrected adjustment (See Appendix 4). – We performed substantive testing over additions and disposals with no issues noted. – We performed substantive analytical procedures over amortization expense and performed a detailed analysis to determine the total departure from accounting standards due to the use of the amortization tool discussed above.
School generated funds	There is a substantial amount of money that flows through the schools, which is accounted for and reported by the administrative staff at each school.	– We obtained an understanding of the activities with respect to school generated funds. – We reviewed school bank reconciliations, agreed them to the related bank statements received directly from the bank and tested for any significant reconciling items with no issues noted. – We reviewed internal audit reviews performed at 3 schools during the year and noted that no significant deficiencies in controls were identified as a result of these audits. However, we did note that performance improvement observations were made by the internal auditor with respect to New Westminster Secondary School schools' cash handling processes, as discussed below in the Other Matters section of our report.

Key areas of focus (continued)

Key area of focus	Why	Our audit approach
International education	The District offers an international education program for foreign students. Revenues fluctuate based on fee increases, the number of students enrolled, and the number of students who pay fees, drop out and are replaced by other students.	– We reviewed internal control activities over the initiation, authorization, processing and recording of international education revenue and related expenses. – We performed substantive analytical procedures over international education revenue and expense balances, assessing reasonableness of changes in revenue and expenses on an FTE basis with no issues noted.
Classroom Enhancement Funding (“CEF”) – funding for restored collective agreement language	In January 2017, the Province through the Ministry of Education (“Ministry”) committed to provide \$180 million in new funding for teacher compensation, overhead, and operating expenses in order to assist School Districts in the implementation of the restored class sizes and composition language per the Supreme Court of Canada’s ruling.	– During the year, the District received \$5.327M under the CEF funding agreement for operational costs and compensation for implementing the restored class and composition language. The District used \$4.424M of the CEF funding to hire teachers and educational assistants and to pay remedy costs associated with class size and composition violations and other overhead costs. The District has \$903,055 remaining as deferred revenue in the Special Purpose Fund as of June 30, 2018. – We obtained an understanding of management’s recording of the CEF funding in the financial statements. The amounts have been correctly classified as Special Purpose Funds. – We obtained an understanding of the process which the District used in determining the costs related to the CEF staffing needs and associated overhead costs. – We tested the assumptions of each input used for the District’s submission of forecasted costs and actual final costs to the Ministry for reasonability. – We received a funding confirmation from the Ministry relating to CEF funding and agreed it to amounts recorded in the financial statements at June 30, 2018 with no issues noted.

Key areas of focus (continued)

Professional standards presume the risk of fraudulent revenue recognition and the risk of management override of controls exist in all organizations.

The risk of fraudulent recognition can be rebutted, but the risk of management override of control cannot, since management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Professional requirements	Why	Our audit approach
Risk of management override of controls	Professional standards require certain procedures to be performed to address the presumed risk of management override of controls.	– Procedures included the testing of journal entries, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions. – We have evaluated the design and implementation of relevant controls with no issues noted. – We have noted no significant issues with respect to management override of controls.

Other matters

Professional standards require us to communicate to the Board Other Matters, such as material inconsistencies or material misstatements between MD&A and the audited financial statements, identified fraud or non-compliance with laws and regulations, consultations with other accountants, significant matters relating to the District's related parties, significant difficulties encountered during the audit, and disagreements with management.

We have highlighted below other significant matters that we would like to bring to your attention:

Other matter	Why	Comments
Internal Audit	The District contracts Internal Auditors from School District No. 41 (Burnaby) to perform internal reviews of various controls at the District's schools.	– On March 6, 2018, the Internal Auditors performed an audit of the School Generated Funds for New Westminster Secondary School ("NWSS"). Through their audit, they identified a number of improvement points related to the cash handling and receipting procedures. – We obtained an understanding of the School Generated Funds activities with respect to the cash handling and receipting procedures and performed testing at NWSS. – We noted that, while most of the Internal Auditor recommendations are not yet implemented, NWSS has established plans to implement the recommendations effective September 2018.

Significant accounting policies and practices

Critical disclosures and financial statement presentation

The Related Party transactions and Inter-entity transactions Handbook section became effective for this fiscal year (beginning on or after April 1, 2017)	– Disclosure is only required when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the financial statements. – This standard also specifies the information required to be disclosed including the type of transactions, amounts classified by financial statement category, the basis of measurement, and the amounts of any outstanding items, any contractual obligations and any contingent liabilities. – We discussed the effect of the new accounting standards to the financial statements with management and obtained an understanding of management's due diligence procedures on related party transactions. – There are no additional disclosures in the financial statements relating to the new accounting standards as there were no related party transactions that met the disclosure requirement.
The Assets, Contingent Assets, and Contractual Rights Handbook sections also became effective for this fiscal year (beginning on or after April 1, 2017)	– The standard includes enhanced guidance on the definition of assets and disclosure of assets to provide users with better information about the types of resources available to the public sector entity. – We discussed the effect of the new accounting standards to the financial statements with management and obtained an understanding of management's due diligence procedures. – There are no additional disclosures in the financial statements relating to the new accounting standards as there were no transactions that met the disclosure requirement.

Adjustments and differences

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences. Professional standards require that we request of management and the Board that all identified differences be corrected. We have already made this request of management.

Corrected adjustments

Please refer to Attachment II of the management’s representation letter, as it includes all adjustments identified as a result of the audit, communicated to management and subsequently corrected in the financial statements.

Uncorrected differences

The management representation letter includes the Summary of Uncorrected Audit Misstatements, which disclose the impact of all uncorrected misstatements considered to be other than clearly trivial. We concur with management that the misstatements not corrected are not material to the financial statements as a whole.

Public Sector Accounting Standards requires the statement of operations and statement of changes in net debt present a comparison of the results for the accounting period with those originally planned. Management presented the Amended Annual Budget as the basis for this comparison. The original annual budget has been included in the notes to the financial statements, which provides information related to the differences between the original and amended budget. It is expected that the budget figures may change significantly between the original and amended budget as enrollment figures and Ministry funding is confirmed. The presentation difference is not considered material to the financial statements given that the original annual budget information is provided in the notes to the financial statements. The presentation adopted by the School District is consistent with many other Districts throughout the Province.

Appendices

Appendix 1: Required communications

Appendix 2: Audit quality and risk management

Appendix 3: Background and professional standards

Appendix 4: Ratios and trends

Appendix 5: Management representation letter

Appendix 6: Current developments

Appendix 1: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

- **Auditors' report** – the conclusion of our audit is set out in our draft auditors' report which will be provided to the Board at the conclusion of our audit.
- **Management representation letter** – we will obtain from management at the completion of the audit. In accordance with professional standards, copies of the management representation letter will be provided to the Board.

Appendix 2: Audit quality and risk management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems.

Visit our [Audit Quality Resources](#) page for more information including access to our audit quality report, [Audit quality: Our hands-on process](#).

- Other controls include:
 - Before the firm issues its audit report, the Quality Reviewer reviews the appropriateness of key elements of client audits.
 - Technical department and specialist resources provide real-time support to audit teams in the field.
- We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.
- We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality.



- All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.
- We do not offer services that would impair our independence.
- The processes we employ to help retain and develop people include:
 - Assignment based on skills and experience;
 - Performance evaluation;
 - Development and training; and
 - Appropriate supervision and coaching.
- We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.
- Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

Appendix 3: Background and professional standards

Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

The control deficiencies communicated to you are limited to those control deficiencies that we identified during the audit.

Documents containing or referring to the audited financial statements

We are required by our professional standards to read only documents containing or referring to audited financial statements and our related auditors' report that are available through to the date of our auditors' report. The objective of reading these documents through to the date of our auditors' report is to identify material inconsistencies, if any, between the audited financial statements and the other information. We also have certain responsibilities, if on reading the other information for the purpose of identifying material inconsistencies, we become aware of an apparent material misstatement of fact.

We are also required by our professional standards when the financial statements are translated into another language to consider whether each version, available through to the date of our auditors' report, contains the same information and carries the same meaning.

Appendix 4: Ratios and trends

As part of the audit, there are certain key ratios and trends that we look at to assess audit risk and likelihood of error and/or misstatement. We share these ratios with the Board and Management and welcome any questions related to our interpretation of trends. We have discussed with management in determining comparable school districts for meaningful benchmarking. The underlying data used in preparing the key ratios and trends noted below was obtained from the Ministry of Education – District Reports available on <http://www.bced.gov.bc.ca/>

See following pages for discussion.

Student Enrollment Analysis

School District No. 40 (New Westminster)

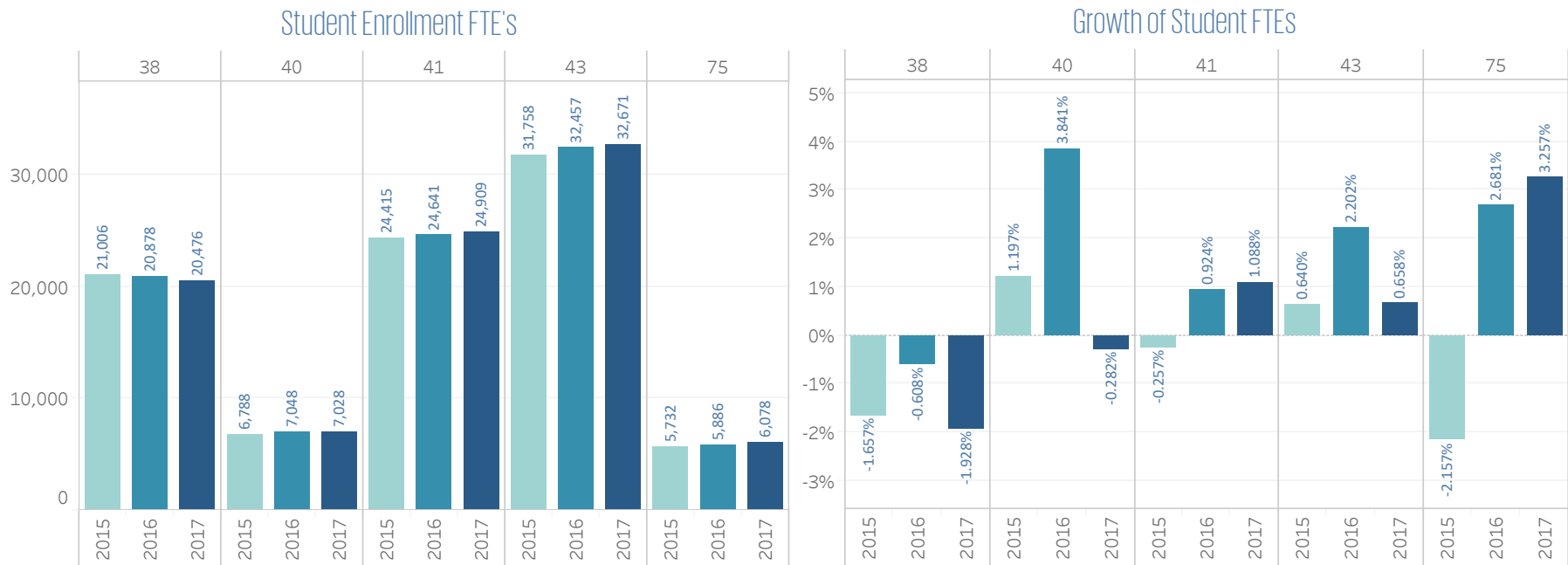
2017 FTE Equivalents
7,028

2017 FTE Growth
-0.28%

Student enrollment compared with other districts

In the student enrollment FTE graph, we observe student numbers have remained relatively flat over the last 3 years. This is evident by the student (FTE) year to year growth rate for New Westminster in the Student FTE growth graph which shows an increase of 3.8% in 2016, but a decrease of -0.3% in 2017. When compared against neighboring districts, Burnaby and Coquitlam did not experience as large increases in student enrollment compared to New Westminster in 2015 and 2016, but grew slightly faster in 2017.

Data Source: Ministry of Education District Reports



Student Enrollment Analysis

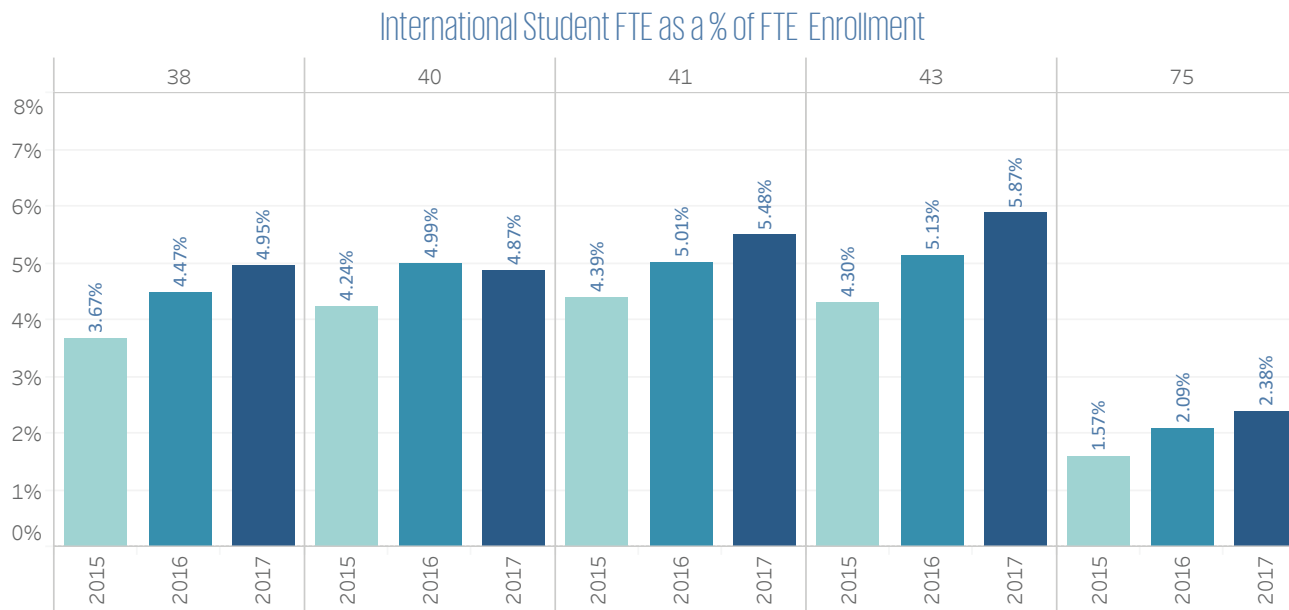
School District No. 40 (New Westminster)

2017 International Student FTE
342.0

Student enrollment compared with other districts

International student education revenue is one of the District's main source of income. Unlike the other school districts presented, New Westminster has seen a decrease in the number of international student enrollment over last year. Nonetheless, as a percentage of international students to total students, New Westminster is generally comparable to other school districts in the region.

Data Source: Ministry of Education District Reports



Revenues and Expenses per Student

School District No. 40 (New Westminster)

Expenses (\$) per Student FTE 2016-17
10,229.5

Revenue (\$) per Student FTE 2016-17
10,516.8

Expense per Student (FTE)

The District's expense per student is higher than the neighboring district of Coquitlam, But lower than Burnaby and Richmond. Total expenses are as reported in the Statement of Operations which include total salaries, employee benefits, service, and supplies.

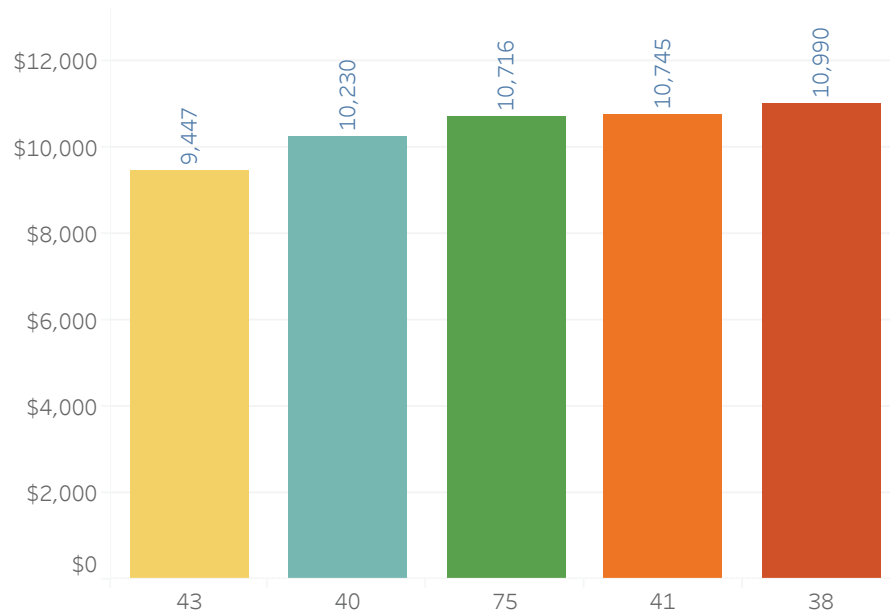
Data Source: Ministry of Education District Reports and Financial Statements Statement 2

Provincial Grant per Student

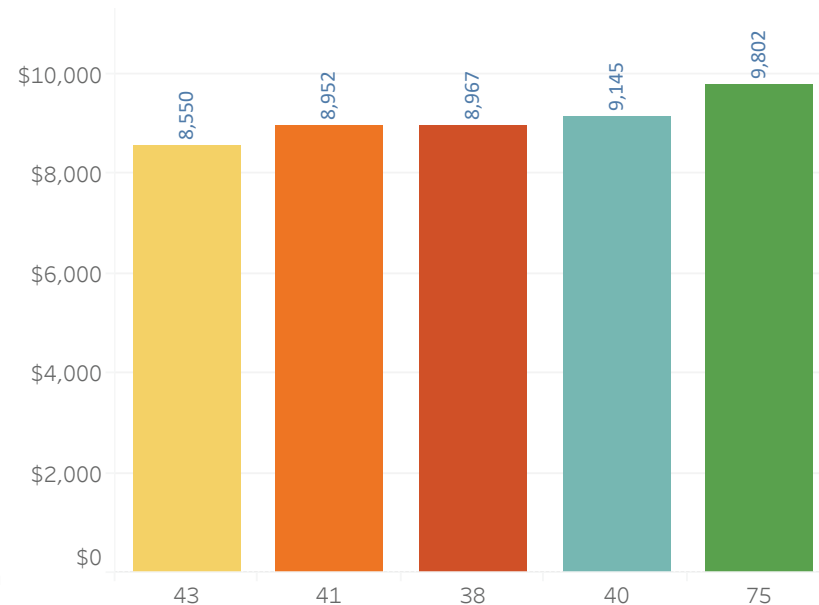
The District has a comparable grant per student with neighboring districts, such as Burnaby and Richmond. The graph is based on the provincial grant figures as reported in the Statement of Operations which include the "Ministry of Education" and "Other" reported amounts. The Provincial grant includes the operating grant, special purpose and other Ministry of Education grants such as the Student Learning grant, the pay equity grant and the return of administrative savings.

Data Source: Ministry of Education District Reports and Financial Statements Statement 2

Expenses (\$) per Student FTE 2016-17



Provincial Grants (\$) per Student FTE 2016-17

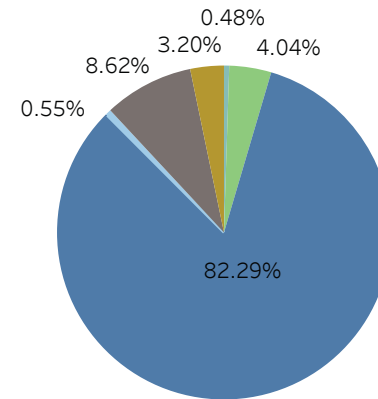


Revenue analysis

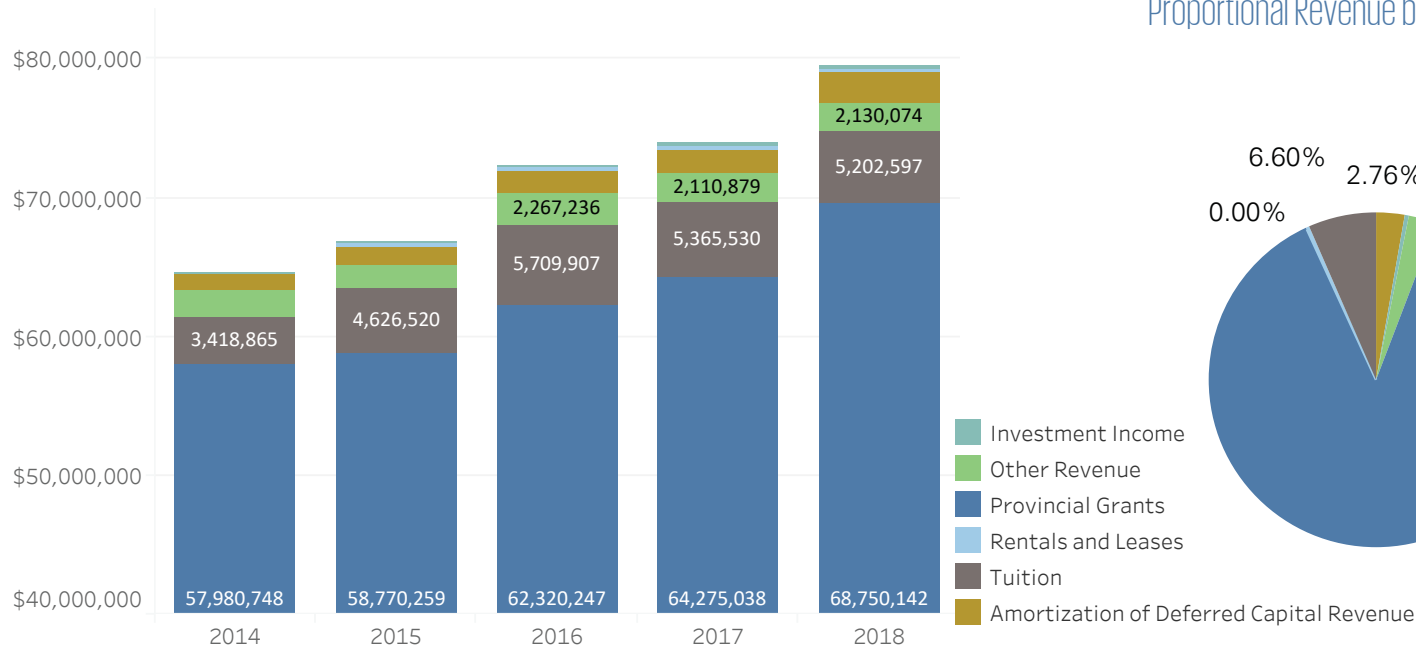
Total current year revenues have grown by 6.6% as compared to prior year with provincial grant revenue growth of 7.0% due to increased funding from the Classroom Enhancement Fund and grants received relating to site construction. The trend in provincial grant revenue growth since 2014 is reflective of the enrollment numbers experienced by the District and variability in fund grants. The proportionate composition of the District's revenue is relatively consistent with the region's average, except for Provincial grants, which are higher due to the additional grants for site construction.

Data Source: Ministry of Education District Reports and 2017/18 SD40 financial statements

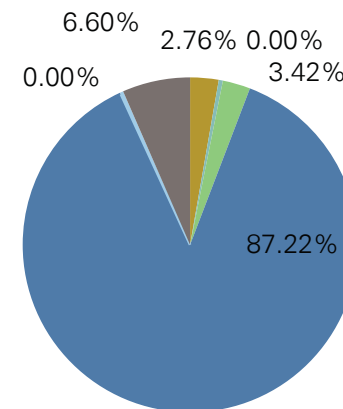
Proportional Revenue by Source - Benchmarking Group Average



Revenue by Category (SD40)



Proportional Revenue by Source (SD40)



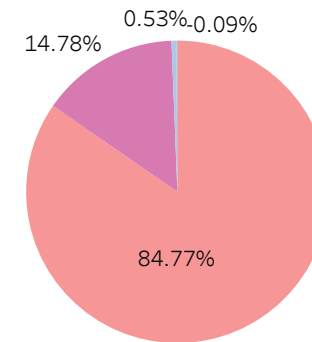
Expenses by function analysis

Instruction expenses represent the largest portion of expenses by function, representing 83.1% of total expenses in the current year which is consistent with the the average of the other districts. Instruction expenses are closely related to enrollment numbers in the District and increases in wages year over year. Operations & Maintenance represent the second largest operating expense to the District at approximately 12.4% of total expenses compared to an average of other districts of 14.8%.

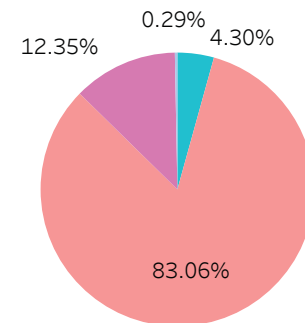
Data Source: Ministry of Education District Reports and 2017/18 SD40 financial statements

Proportional Expense by Function - Benchmarking

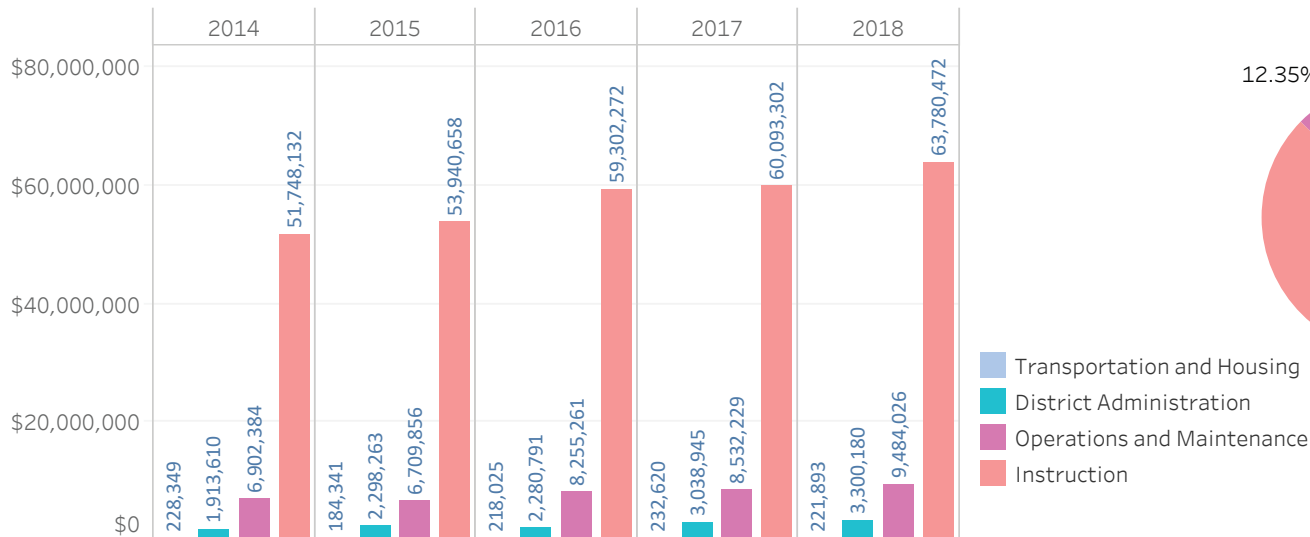
Group Average



Proportional Expense by Function (SD40)



Expense by Function (SD40)

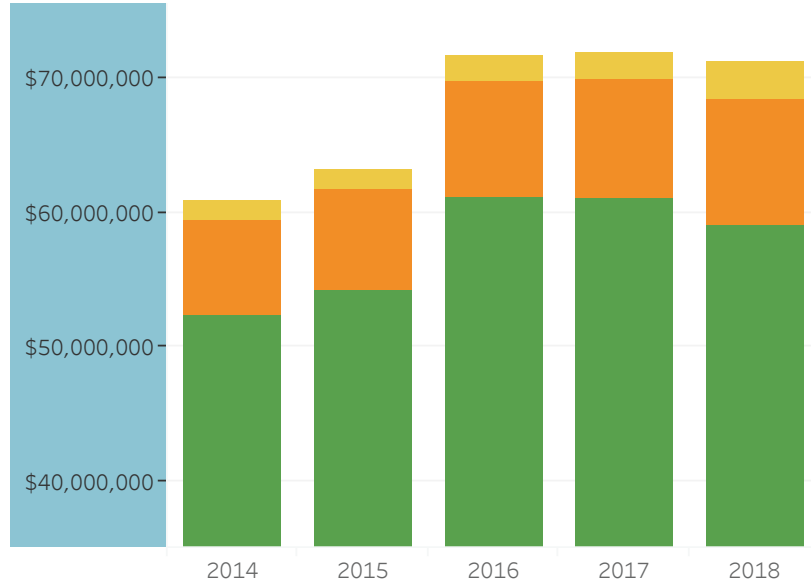


Expense by Object Analysis

Total expenses have grown steadily since 2014 and tapered off the last 2 years as a result of stagnant enrollment. Salaries & benefits represent 83.1% of total expenses in 2018 with Teachers' salaries representing the largest portion at 40.3% compared to the average of other districts at 44.5%. The proportionate composition of the District's expenses by object is consistent with the provincial average for all Districts in BC.

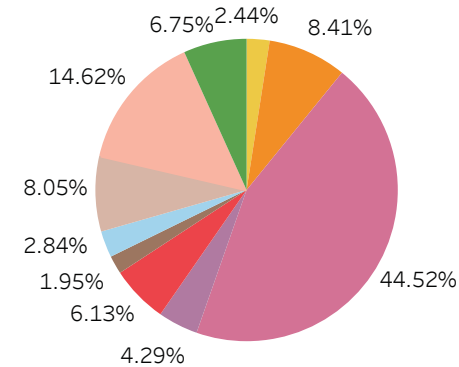
Data Source: Ministry of Education District Reports and 2017/18 SD40 financial statements

Expense by Object (SD40)

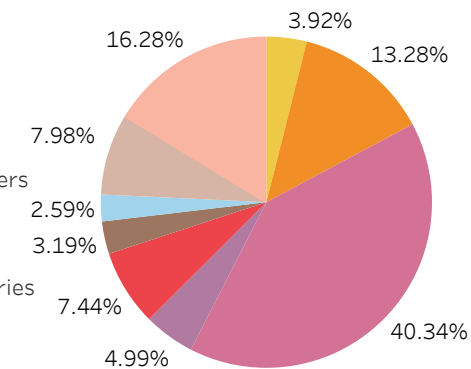


- Amortization
- Services and supplies
- Salaries and benefits

Proportional Expense by Object - Benchmarking Group Average



Proportional Expense by Object (SD40)



- Amortization
- Services and supplies Teachers
- Salaries
- Principals & VP Salaries
- Educational Assistants Salaries
- Other Professional Salaries
- Substitutes Salaries
- Support Staff Salaries
- Employee Benefits
- Other

Staff and Salary Analysis

School District No. 40 (New Westminster)

2017 Teacher FTE
381

2017 Teacher FTE Growth
-0.99%

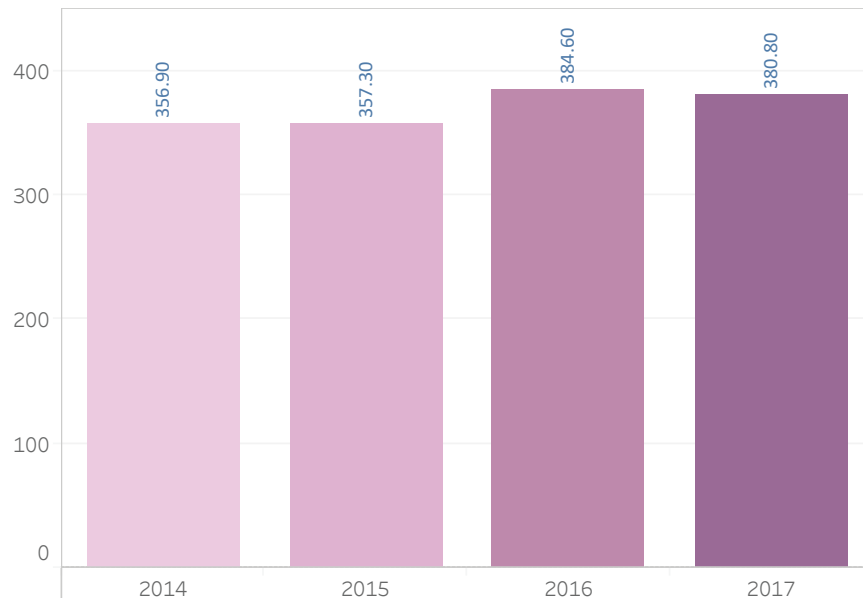
2017 Average Teacher FTE Salary
75,537

2017 Average Teacher FTE Salary Growth
2.01%

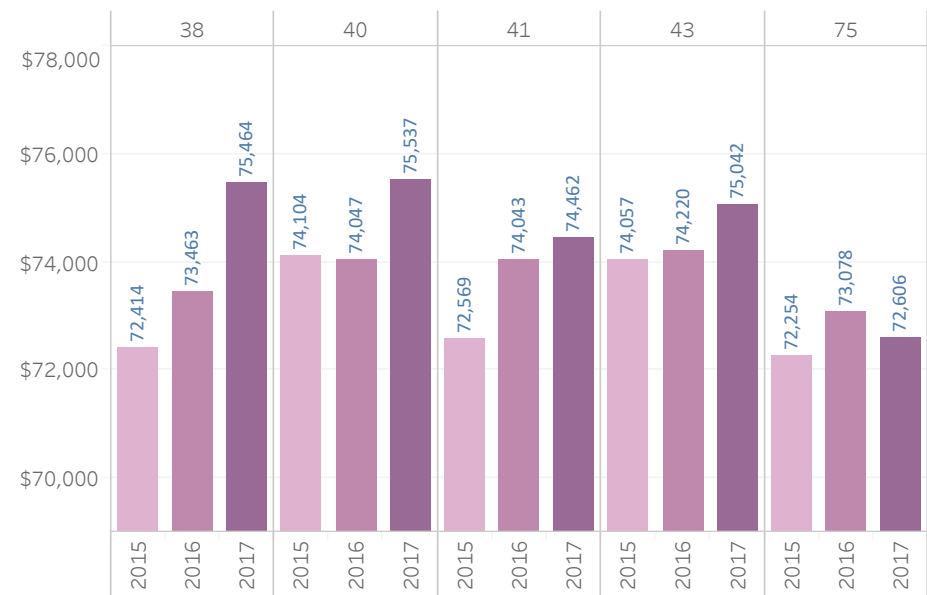
Teachers' salaries is the largest cost for the District. While costs for teachers can vary due to local market and collective agreements, it is useful to compare the cost of teachers with other school districts. In 2017, The District's salary per teacher is comparable to other Districts in the region which ranged from \$72,606 to \$75,464. Differences in salary may be caused by a variety of reasons such as age, category or the collective agreement negotiation.

Data Source: Ministry of Education District Reports as of September 30 of each fiscal year and Financial Statements Schedule 2B

Teacher FTE



Average Teacher FTE Salary



Annual Surplus and Accumulated Surplus Analysis

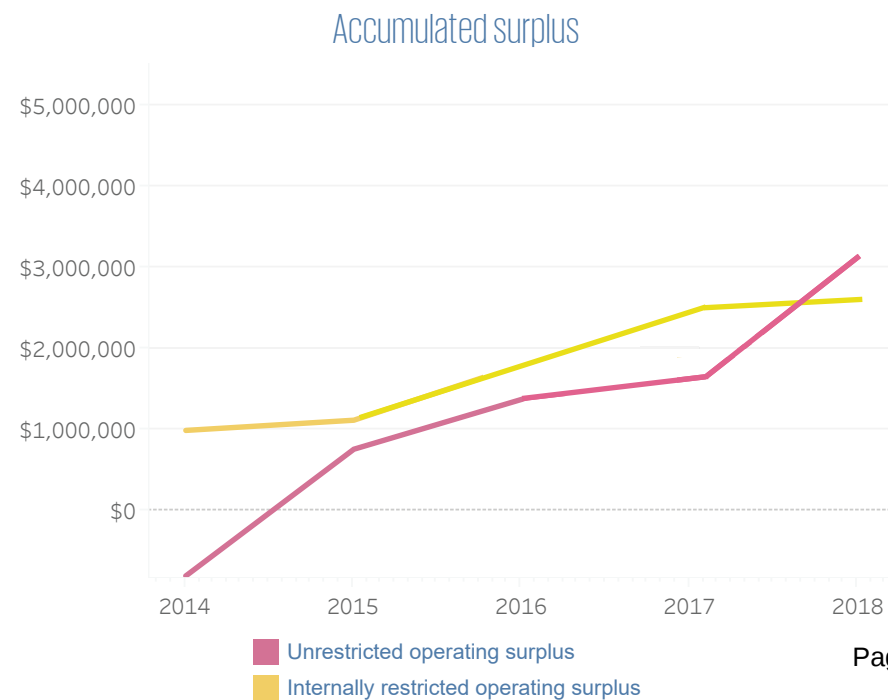
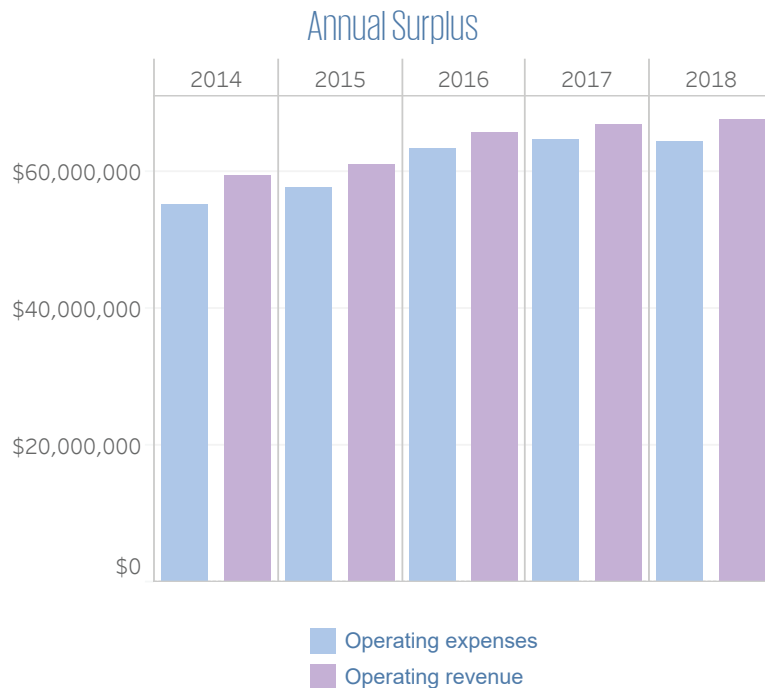
School District No. 40 (New Westminster)

Accumulated surplus - capital fund 20,409,925	Accumulated surplus - operating fund 5,609,945	Surplus/Deficit - operating fund 1,575,042	Unrestricted operating surplus 3,161,199
--	---	---	---

Annual surplus represents the excess of revenues over expenses during the year. The annual surplus for the current year is \$2.038M (2017 - \$2.019M) and has ranged from 2.6% to 2.8% of annual revenue from 2016 to 2018, respectively.

Accumulated surplus represents a measure of flexibility and sustainability. Restricted surplus includes amounts that the Board has designated to pay for specific future costs. Unrestricted surplus represents resources that can be used to provide future services and contingency to fund unexpected costs or respond to unexpected decline in revenue. Unrestricted surplus as at year-end represents 4.0% (2017 - 2.2%) of annual operating revenue for the year.

Data Source: Ministry of Education District Reports and 2017/18 SD40 financial statements



School Generated Funds

School District No. 40 (New Westminster)

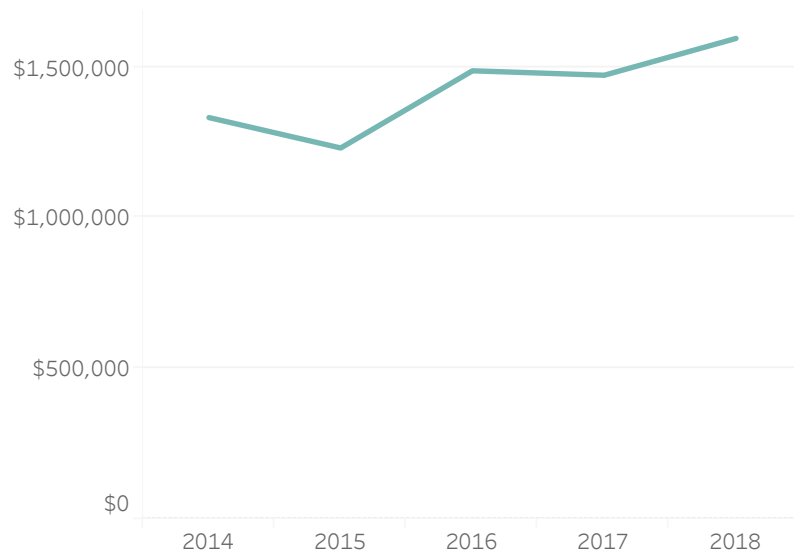
2018 School Generated Funds
1,594,649

2018 School Generated Funds Increase
8.29%

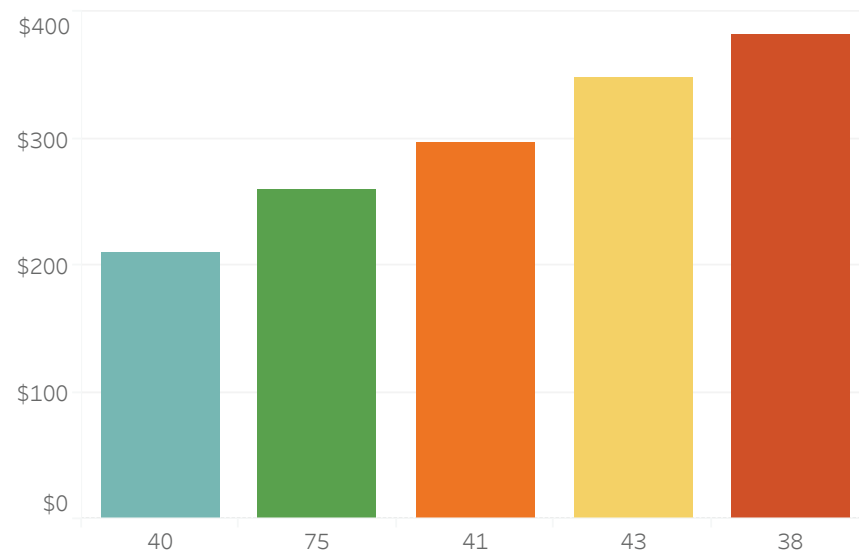
The District has experienced an increase in school generated funds since 2014. When compared against other districts in the region, the District has the lowest number of school generated funds per student FTE.

Data Source: Ministry of Education District Reports and Financial Statements Schedule 3A

School Generated Funds



School Generated Funds per Student FTE



Appendix 5: Management representation letter

MANAGEMENT REPRESENTATION LETTER

KPMG LLP
Metrotower I
Suite 2400 – 4710 Kingsway
Burnaby, BC V5H 4M2

September 25, 2018

Ladies and Gentlemen,

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as “financial statements”) of School District No. 40 (New Westminster) (“the Entity”) as at and for the period ended June 30, 2018.

GENERAL:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

RESPONSIBILITIES:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated July 4, 2018, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements, such as all financial records and documentation and other matters, including (i) the names of all related parties and information regarding all relationships and transactions with related parties; and (ii) the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of trustees and committees of the board of trustees that may affect the financial statements, and providing you with access to such relevant information. All significant board and committee actions are included in the summaries.
 - c) providing you with additional information that you may request from us for the purpose of the engagement.
 - d) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

- e) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- f) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- g) providing you with written representations that you are required to obtain under your professional standards and written representations that you determined are necessary.
- h) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that management, and others within the entity, did not intervene in the work the internal auditors performed for you.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of and that affects the financial statements and involves: management, employees who have significant roles in internal control over financial reporting, or others, where the fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

SUBSEQUENT EVENTS:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

GOING CONCERN:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

MISSTATEMENTS:

- 10) We approve the corrected misstatements identified by you during the audit described in [Attachment II](#).
- 11) The effects of the uncorrected misstatements described in [Attachment II](#) are immaterial, both individually and in the aggregate, to the financial statements as a whole.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)

Mr. Karim Hachlaf, Superintendent of Schools

Ms. Kim Morris, Secretary-Treasurer

Mr. James Pocher, CPA, CMA, CPA-USA (Washington), Assistant Secretary-Treasurer

Attachment I – Definitions

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

RELATED PARTIES

In accordance with PS 4260 of Public Sector Accounting Standards a *related party* is defined as:

- one party that has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Two not-for-profit organizations are related parties if one has an economic interest in the other. Related parties also include management and immediate family members.

In accordance with PS 4260 of Public Sector Accounting Standards a *related party transaction* is defined as:

- a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.

Attachment II – Summary of Audit Misstatements Schedules

School District No. 40 (New Westminster)
Summary of Corrected Audit Misstatements
June 30, 2018

						Income Statement Effect - Debit (Credit)	Balance Sheet Effect - Debit (Credit)				
ID	Description of misstatement	Type of misstatement	Accounts	Debit	(Credit)	Income Statement Debit (Credit)	Equity	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities
Corrected misstatements - Final											
1	To re-class supplies and services to salaries and benefits.	Factual	Dr. Salaries and benefits	602,574		602,574					
			Cr. Services and supplies		(602,574)	(602,574)					
Aggregate effect of corrected audit misstatements:						-	-	-	-	-	-

School District No. 40 (New Westminster)
Summary of Uncorrected Audit Misstatements
June 30, 2018

ID	Description of misstatement	Type of misstatement	Accounts	Debit	(Credit)	Income Statement - Debit (Credit)			Balance Sheet Effect - Debit (Credit)			
						Income effect of correcting the balance sheet in prior period	Income effect of correcting current period balance sheet	Income effect according to Rollover method	Equity	Financial Assets	Non Financial Assets	Liabilities
				A		B	C=A (Only Income Statement accounts)	D=C-B				
Uncorrected misstatements - Final												
1	To adjust for the net understatement of amortization due to the incorrect application of amortization in prior years.	Factual	Dr. Accumulated Surplus, Opening Dr. Deferred Capital Revenue Dr. Amort of DCC - Revenue Cr. Amortization Expense Cr. Accumulated Amortization	307,612 1,082,439 4,074	(5,975) (1,388,150)	307,612	4,074 (5,975)	4,074 (5,975)	307,612 4,074 (5,975)		(1,388,150)	1,082,439
2	To record amortization for current year additions to TCA and Deferred Capital Revenue.	Factual	Dr. Amortization Expense Dr. Deferred Capital Revenue Dr. Accumulated Amortization - Computer Software Cr. Accumulated Amortization - Buildings Cr. Accumulated Amortization - Furniture and Equipment Cr. Accumulated Amortization - Computer Hardware Cr. Amortization of DCC - Revenue	161,898 64,411	(1,363) (70,642) (12,295) (77,598) (64,411)		161,898 (64,411)	161,898 (64,411)	161,898 (64,411)		(1,363) (70,642) (12,295) (77,598)	64,411
3	To record impact of benefit deposits exceeding required contributions over previous fiscal years, as well as the expense amount for the premium period.	Factual	Dr. Prepaid Expense Cr. Employee Future Benefits expense Cr. Accumulated Surplus, Opening	982,988	(157,911) (825,077)		(157,911)	(157,911)	(157,911) (825,077)		982,988	
4	To record the difference in the financial statement budget presentation as required by PSAS.	Factual	Public Sector Accounting Standards requires the statement of operations and statement of changes in net debt present a comparison of the results for the accounting period with those originally planned. Management presented the Amended Annual Budget as the basis for this comparison. The original annual budget has been included in the notes to the financial statements, which provides information related to the differences between the original and amended budget. It is expected that the budget figures may change significantly between the original and amended budget as enrollment figures and Ministry funding is confirmed. The presentation difference is not considered material to the financial statements given that the original annual budget information is provided in the notes to the financial statements. The presentation adopted by the School District is consistent with many other Districts throughout the Province.									
Aggregate effect of uncorrected audit misstatements:						307,612	(62,325)	(62,325)	(579,789)	-	(567,060)	1,146,850

Appendix 6: Current developments

There have been no significant changes to current developments from those communicated to you in our audit planning report dated June 26, 2018.

kpmg.ca/audit



KPMG LLP, an Audit, Tax and Advisory firm (kpmg.ca) and a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International Cooperative ("KPMG International").

KPMG member firms around the world have 174,000 professionals, in 155 countries.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss entity. Each KPMG firm is a legally distinct and separate entity, and describes itself as such.

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PURCHASING AND TENDERING

Background

It shall be the practice of the District to purchase the most appropriate services, products, commodities, and equipment for the purposes envisaged, based on the quality and cost of the particular product. The District believes in purchasing competitively and seeking maximum educational value for every dollar expended, consistent with good purchasing practices.

The Secretary-Treasurer, or designate has the responsibility for District purchasing and tendering.

Procedures

1. All services, supplies, commodities, or equipment required for the ongoing operations of the District are acquired on the open market with probity and in accordance with competitive public sector purchasing practices.
2. Whenever possible, the tender that provides the best economic value is to be accepted consistent with equal quality and the ability of the bidder to supply the requirements in a reasonable period of time. In exceptional circumstances, the Secretary-Treasurer may authorize acquisition from a sole source. These exceptional circumstances would involve an urgent requirement to:
 - 2.1. Protect and ensure the safety of students and staff
 - 2.2. Protect the District assets
 - 2.3. Prevent a serious financial loss to the District
3. In determining the best economic value, the following factors will be considered:
 - 3.1. Price
 - 3.2. Quality
 - 3.3. Ability to meet product specifications
 - 3.4. Ability to provide service and warranty support (including past performance)
 - 3.5. Availability of replacement parts
 - 3.5.3.6. Other factors specific to the purchase
4. In all purchasing transactions, authorized employees of the District will:
 - 4.1. Consider the interest of the District and the improvement of its educational program

- 4.2. Consider all responsible bidders equally when determining whether their product meets specifications and the educational needs of the District
- 4.3. Decline gifts that might in any way influence the purchase of school supplies and equipment
- 4.4. Refrain from soliciting funds or material from vendors, however worthy the purpose
- ~~4.5. Refrain from asking for special discounts or prices on items purchased from District suppliers for personal use.~~
5. The Secretary-Treasurer is authorized to develop specific educational partnerships that result in the provision of unique products or services to support educational programs, at a reduced cost to the District.
6. The Secretary-Treasurer is authorized to pursue improved efficiencies and economies through cooperative ventures with other public sector agencies. The success of these joint initiatives will depend, in part, on achieving a level of standardization in supplies and services.
7. Responsibility for awarding licenses for Child Care Services in Neighbourhood Learning Centres is that of the Secretary-Treasurer or designate. Said services will be secured through a Request for Proposal process.
8. The Secretary-Treasurer may delegate to the appropriate personnel, the authority to purchase goods and services. The operating units are encouraged wherever possible to cooperatively purchase, that is, to take advantage of quantity discounts.
9. General:
 - 9.1. All items purchased, or donated, in the name of a school or the District will become the property of the District.
 - 9.2. Where practicable, the Secretary-Treasurer or designate, will coordinate “bulk purchases” for various commodities.
 - 9.3. Use of the District’s purchasing procedures to acquire goods and services for personal use will not be permitted.
 - 9.4. Whenever practicable, equipment and supplies will be standardized to achieve maximum purchasing economy and quality goods. Consideration will be given to future maintenance of equipment, administration of technology hardware and software, and availability of parts and services.
 - 9.5. The purchase of any item or product from any person employed by the District is not permitted.
 - 9.6. All contracts must be signed by the Secretary-Treasurer, or designate, including Child Care Licences for Child Care Services in Neighbourhood Learning Centres (NLCs).

10. Purchasing Methods:

The District employs various purchasing tools for the acquisition of goods and services as follows:

10.1. Petty Cash – used at the user level to expedite the acquisition of low value goods not to exceed \$100.00 (excluding taxes) per single transaction. A Petty Cash fund can be established by contacting the Secretary-Treasurer or designate.

10.1.1. Receipts must be attached to a petty cash voucher by the custodian in charge of the petty cash. The petty cash voucher must be signed by the custodian of the petty cash, and signed by the custodian's immediate supervisor. The petty cash voucher shall be submitted to the Secretary-Treasurer to be approved by the Secretary-Treasurer or designate prior to reimbursement by Accounts Payables personnel.

10.2. School Trust/Bank Account (~~self~~school-generated funds) - used at the school level to expedite the acquisition of goods and services. The School Trust/Bank Account is the responsibility of the Principal, or Vice-Principal if delegated by the Principal. The Principal may delegate the day-to-day duties of financial record keeping, receipting and disbursing of funds to an individual of his/her choice.

10.2.1. Disbursement of funds to purchase goods and services shall be made with cheques. The cheque must be signed by two (2) authorized ~~signatories~~signatures.

10.2.2. In some instances, funds disbursed from the School Trust/Bank Account may be reimbursed by the District. Receipts must be attached to a cheque requisition by the custodian in charge of the School Trust/Bank Accounts. The cheque requisition must be signed by the custodian, and signed by the custodian's immediate supervisor. The cheque requisition shall be submitted to the Secretary-Treasurer to be approved by the Secretary-Treasurer or designate prior to reimbursement by Accounts Payable personnel.

10.3. Purchasing Cards (Procurement Cards) – used for the procurement and payment of goods and services within established purchasing authorization limits, where it is efficient, economical and operationally feasible to do so. With the written approval from an employee's Principal, or Supervisor, an employee may make application to the Secretary-Treasurer or designated Purchase Card Administrator for a Purchasing Card.

10.3.1. ~~The Purchasing Card may only be used by the person named on the front of the card. The cardholder is responsible for all transactions on the card, regardless of how the card was used or who used the card.~~ Single-Transactions limits are ~~set. In set in~~ consultation ~~between an with the~~ employee's Principal/Supervisor; ~~with and~~ the Secretary-Treasurer or the Purchase Card Administrator.

10.3.2. On a monthly basis, the ~~Assistant Secretary-Treasurer will forward a Monthly Purchasing Card Statement on the 21st of each month to each cardholder will log in to the purchasing card on-line application and print their statement.~~ The cardholder must attach the receipts to the Monthly Purchasing Card Statement,

and ensure the GST amount and General Ledger Account attached to the transaction is correct. The Monthly Purchasing Card Statement must be signed by the cardholder's immediate supervisor.

- 10.3.3. The Monthly Purchasing Card Statement and receipts must be returned to the Assistant Secretary-Treasurer by the 28th of each month to be approved by the Secretary-Treasurer or designate. Finance Department personnel will process payment to the Financial Institute by the 3rd of each month. (refer also to Purchasing Card Procedure Manual) and post the transactions to the general ledger by the 15th of the following month.
- 10.3.4. Purchase cards shall not be used for transactions with 3rd party billing services such as PayPal.
- 10.4. Cheque Requisitions – used to request payment for goods and/or service where an invoice ~~has been received and a purchase order was not issued (i.e. subscriptions, dues, or fees, etc.)~~ is not available or a reimbursement is requested. When requesting reimbursement, receipts must be attached to the cheque requisition. Cheque Requisitions are not to be used to circumvent the Purchase Requisition/Purchase Order process.
 - 10.4.1. ~~Receipts, invoice or order form must be attached to the Cheque Requisition by the employee.~~ The Cheque Requisition must be signed by the employee, and signed by the employee's immediate supervisor. The Cheque Requisition must be submitted to Secretary-Treasurer to be approved by the Secretary-Treasurer or designate prior to reimbursement by Accounts Payables personnel.
- 10.5. Purchase Requisition/Purchase Order – used for the purchase of goods and services. All purchase orders must be electronically approved ~~signed~~ by the appropriate personnel (Principal/Supervisor) responsible for an operating unit, and by the Secretary-Treasurer or designate. In no case will a purchase order be honoured without the approval signature of the Secretary-Treasurer or designate.
 - 10.5.1. The approved Purchase Order will be e-mailed, mailed or faxed to the vendor to enact to supply the goods or service as stated in the Purchase Order. A copy of the purchase order will be made available to the school/site. Upon completion of the order, the vendor will send an invoice to the ~~Secretary-Treasurer~~ school/site for processing payment.
 - 10.5.2. ~~If the invoice received from the vendor is the same amount, or within 10% or \$100 of the Purchase Order, the Secretary-Treasurer or designate will process payment to the vendor without additional approval.~~
 - 10.5.3. ~~If the invoice received from the vendor is greater than 10% or \$100 of the Purchase Order, additional approval from the requisitioner's Principal/Supervisor must be received prior to processing the payment to the vendor.~~
- 10.6. Standing Purchase Order – used to make purchases from a sole source vendor over a period of time (usually the school fiscal year) for supplies or services (i.e. building supplies, food distributor, office supplies, etc.). All Standing Purchase Orders must be signed approved by the appropriate personnel (Principal/Supervisor) responsible for an

operating unit, and by the Secretary-Treasurer or designate. In no case will a Standing Purchase Order be honoured without the signature approval of the Secretary-Treasurer or designate.

10.6.1. The approved Standing Purchase Order will be e-mailed, mailed or faxed to the vendor. An employee may purchase goods or services from the vendor quoting the Standing Purchase Order. Upon completion of the requested order, the vendor will send an invoice to the school/site Secretary-Treasurer for payment processing. ~~The invoice received from the vendor by the Secretary-Treasurer will be forwarded to the requisitioner's Principal/Supervisor for approval prior to processing the payment to the vendor.~~

10.7. District Contract – for goods or services to be supplied over a period of time at a fixed or negotiated price (i.e. equipment leases, garbage disposal, etc.). An encumbered amount with start and end dates will be established for the District Contract. All District Purchase Orders must be negotiated by the Secretary-Treasurer or designate.

10.7.1. The approved District Contract will be sent to the vendor for the vendor to enact on the requirements stated in the District Contract. Based on the terms of the District Contract, the vendor shall forward an invoice to the school/site Secretary-Treasurer for payment processing.

10.7.2. If there ~~are is~~ no deviation between the invoice and the District Contract, payment to the vendor will be processed without additional approval. If there is a deviation between the invoice and the District Contract, additional approval from the Secretary-Treasurer or designate must be received prior to the processing of payment.

11. Purchasing Procedures:

11.1. The Secretary-Treasurer may assign to his/her designate the authority to sign purchase orders in accordance with the procedure outlined in this Administrative Procedure.

11.2. The Secretary-Treasurer shall assign to individual employees the authority to initiate expenditures from accounts specifically assigned to them. When the total purchase cost of a single unit or group of units, or a service, is estimated to be:

11.2.1. Up to ~~\$1,000~~ \$2,500 (pre-tax amount), the purchase shall be made by comparative selections ~~unless made from a previous supplier. Where convenient "Petty Cash" can be used to complete purchases of items up to \$100. Purchases will be authorized by the Secretary-Treasurer or designate.~~

11.2.2. From ~~\$1,000~~ \$2,500 to \$10,000 (pre-tax amount), the purchase shall be made by selecting the lowest bid from unlimited public tenders, invited quotations or it shall be made by negotiation with a designated supplier.

11.2.3. From \$10,000 to \$75,000 (pre-tax amount), written quotations will be requested from known reputable suppliers of a particular goods and/or services. ~~Purchases are to be completed by the end user by using a "Purchase Order".~~ These

purchases must be approved by the Secretary-Treasurer prior to initiating the order with the vendor (Note: ~~processing of utility invoices does not require prior approval for processing of payment to the supplier. Utilities such as These would include~~ telephone, hydro, and natural gas are excluded.)

11.2.4. Greater than \$75,000 (pre- tax amount), a “Tender” or “Request for Proposal” will be written by the Secretary-Treasurer or designate, and will be sent to competing suppliers. The “Tender” or “Request for Proposal” must be ~~approved~~ awarded by the Secretary-Treasurer prior to initiating the order with the successful vendor. The Secretary-Treasurer will notify the Superintendent of the results of the “Tender” or “Request for Proposal”.

12. Tendering or Request for Proposals for Equipment and Supplies:

~~12.1. All orders in excess of \$25,000 (pre-tax amount) shall be tendered.~~

~~12.2.~~ 12.1. All responsible bidders will be given equal consideration and assurance of unbiased judgments in determining whether their product or service meets specifications and the needs of the District.

~~12.3.~~ 12.2. Invitations to tender shall be ~~mailed, couriered, or otherwise delivered to all suppliers from whom tenders have been received in previous circumstances, or to any other supplier posted to BC Bid.~~

~~12.4.~~ 12.3. The Secretary-Treasurer will ensure that competition is maximized and that local vendors are given every reasonable opportunity to bid on District contracts.

~~12.5.~~ 12.4. All tenders or sealed bids will be opened in public in the presence of and signed by two staff members, one of whom must be the Secretary-Treasurer or designate, or the Supervisor of Operations, recording the time and date opened.

~~12.6. On occasion, only one bid may be submitted by tender closing time. The bid will not be opened unless the bidder agrees, in writing, that they accept their bid may be rejected and that the tender may be re-tendered without any changes in the tender documents.~~

~~12.7.~~ 12.5. Information pertaining to the proposals will not be released until after the review process has been completed and the successful vendor has been identified.

~~12.8.~~ 12.6. Tenders will be awarded to the lowest bid or quoted price, consistent with ~~the criteria set out in the Request for Proposal or other invitation method~~ required quality and service. The District reserves the right to accept or reject the whole or part of any tenders. ~~The “Tender” must be approved by the Secretary-Treasurer prior to initiating the order with the successful vendor. The Secretary-Treasurer will notify the Superintendent the results of the “Tender”.~~

~~12.8.1.~~ 12.6.1. The Secretary-Treasurer or designate will inform the successful vendor to the awarding of the tender. After the successful vendor has accepted the tender, then the unsuccessful vendors will be informed of the awarding of the tender to a competitive vendor.

12.9.12.7. The Secretary-Treasurer will be consulted prior to awarding a tender to other than the low bidder.

13. Request for Proposals for Services in Neighbourhood Learning Centres (NLCs)

- 13.1. The Secretary-Treasurer or designate will release a Request for Proposal (RFP) when space is available for Licensed Child Care Services in an NLC.
- 13.2. The RFP will have a response time of a minimum of 2 (two) weeks.
- 13.3. Only Non-Profit Child Care providers with a minimum of three years' experience providing licensed childcare services will be considered in the RFP process.
- 13.4. The RFP will provide detailed information on the space available, the cost and license requirements, in addition to requesting detailed information on the proponent organization, how they align with the District's Early Learning Vision (if applicable) and meet NLC requirements.
- 13.5. The District will hold an information session to familiarize proponents with the RFP process and the requirements of the RFP.
- 13.6. Proponent applications will be reviewed by a panel. The Panel will include, the Secretary-Treasurer or designate, and other District staff as deemed appropriate by the Superintendent. The panel may choose to include other representatives outside of the District if deemed appropriate.
- 13.7. The Board will be advised of the successful proponent.
- 13.8. The successful proponent will be required to provide proof that Child Care Licensing requirements have been met before being granted a District Child Care Services License.

14. Suppliers and Vendors and Service Providers:

In awarding contracts or licenses, the following will be considered and/or required:

- 14.1. Current Business licenses and Canada Revenue Agency Business Number.
- 14.2. Non-profit Status Number for child care service providers or any other service provider awarded space through the RFP process.
- 14.3. Minimum of \$2,000,000 (two million dollar) liability insurance or a minimum of \$5,000,000 (five million dollars) for District facility space for Child Care Services.
- 14.4. WorkSafeBC coverage (where applicable).
- 14.5. Ability to provide a quality, accessible, and affordable service (in the case of Child Care services in District facilities).
- 14.6. Reputation, experience and qualifications.
- 14.7. Ability to deliver or perform within the time specified.
- 14.8. Ability to provide after sales' maintenance and service.

14.9. Past experience on previous orders.

Reference: Sections 22, 23, 65, 85 School Act
Financial Information Act

SD No. 40 (New Westminster)

Adopted: ~~May 30, 2017~~September 25, 2018

DRAFT



July 2018

School District #40 Board Members

RE: ALL CANDIDATES MEETING – THURSDAY, OCTOBER 4, 2018

The Executive of the Massey/Victory Heights Residents Association would like to invite you to take part in an All Candidates Meeting at Mt. Zion Church, 10th and Cumberland, (basement) on Thursday, October 4th beginning at 7:00 promptly.

We would like to have all candidates for School District on this evening.

Depending on the number of candidates, we would give you five (5) minutes to present yourself. Then at the end of the presentation, over coffee and cookies, residents would get a chance to talk with each of you individually to ask their questions.

If there is only a small turnout of candidates, question will be asked from the residents after all have had a chance to speak.

Please RSVP to Lynn Radbourne, at either lynnradbourne@shaw.ca or secretary@masseyvictoryheights.com

We know this is an early ask, but wanted to ensure when making up your calendars, we would be able to secure a spot.

Lynn Radbourne

Lynn Radbourne, Secretary
Massey/Victory Heights Residents' Assoc.

From: British Columbia School Trustees Association <bcsta@bcsta.org>
Sent: Thursday, August 16, 2018 1:32 PM
To: Caroline Manders
Subject: BCSTA Weekly: Trustee Academy 2018 / Fall Provincial Council 2018 / Human Rights Commission Re-established / Event Invitation

BCSTA WEEKLY



Each week, BCSTA compiles important information including Association news, events, advocacy updates, activities, services, important dates and other information, and send it to members in a compact and easy-to-access email newsletter. Look for the **BCSTA Weekly** in your inbox every Thursday.

Trustee Academy 2018

Trustee Academy 2018 with the theme of "Building a New Board: Elected, Engaged and Empowered" is coming up on November 29 to December 1, 2018 at the Hyatt Regency Hotel, Vancouver.

Registration opens on Monday, September 17, 2018.

For the preliminary program and more information about the event, please visit the [BCSTA website](#).

Fall Provincial Council 2018

A reminder that the October 2018 Provincial Council has been postponed due to the October 20 B.C. local general elections. A condensed session of the Provincial Council will take place at Trustee Academy 2018 on November 30, 2018.

More information will be sent to Provincial Councillors in the weeks to come.

Government re-establishes human rights commission

On the eve of Vancouver's annual Pride festival, government has signalled its intention to introduce legislative amendments to the Human Rights Code this fall.

These amendments, when passed, will re-establish a human rights commissioner for British Columbia and support progress on gender equity and LGBTQ rights.

The decision is further detailed in the BC Government's media release below.

Read more: [Province celebrates Pride weekend with plans for human rights commission](#)

The Opiod Epidemic: How do educators become more accountable during the crisis

You are invited to join **Dr. Blye Frank**, Dean of Faculty of Education, University of British Columbia, for the second installment of the **FRANKLY SPEAKING** event on Saturday, **September 22nd, 2018**.

Dean Frank will moderate the lecture featuring three speakers all with unique and intimate understandings of opioid use and abuse.

More information about the event can be found [here](#).



British Columbia School Trustees Association
1580 W. Broadway Fourth Floor
Vancouver British Columbia V6J 5K9
Canada

This email is intended for cmanders@sd40.bc.ca.

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