



**BOARD OF EDUCATION  
SD NO. 40 (NEW WESTMINSTER)  
OPERATIONS POLICY AND PLANNING COMMITTEE  
AGENDA**

Tuesday, September 14, 2021

6:30 pm

[Via Webex](#)

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

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	<b>Pages</b>
<b>1. <u>Approval of Agenda</u></b>	6:30 PM
<b>Recommendation:</b> THAT the agenda for the Open Operations Policy and Planning Committee meeting be adopted as distributed.	
<b>2. <u>Presentation</u></b>	
a. 2020-21 Audit Findings Report (Tim Holloway & Amy Grey, KPMG)	6:35 PM <u>4</u>
b. 2020 - 2021 Year-End Review (B. Ketcham)	<u>32</u>
i. 2020 - 2021 Year End Financial Statements	<u>63</u>

**Recommendation:**  
THAT the Operations Policy and Planning committee recommend to the Board of Education of School District No. 40 (New Westminster) that the internal restrictions be committed as presented.

**Recommendation:**  
THAT the Operations Policy and Planning committee recommend to the Board of Education of School District No. 40 (New Westminster) approval of the 2020-21 Financial Statements as presented.

3.	<u>Correspondence</u>	7:00 PM	
4.	<u>Comment &amp; Question Period from Visitors</u>	7:05 PM	
5.	<u>Reports from Senior Management</u>		
	a. Capital Projects Update (D. Crowe)	7:15 PM	
	i. NWSS Decommissioning Project (Verbal) (D. Crowe)		
	ii. Queen Elizabeth Elementary Expansion (Verbal) (D. Crowe)		
	iii. Skwo:wech Elementary School Replacement Project (D. Crowe)		<u>100</u>
	iv. NWSS Neighbourhood Learning Centres (Verbal) (M. Naser)		
	b. Operations Update	7:30 PM	
	i. Facilities Report July - August 2021 (B. Ketcham)		<u>106</u>
	iii. Technology Information Services Verbal Update (M. Naser)		
	c. COVID-19 Update (Verbal) (K. Hachlaf)	7:40 PM	
	d. 5 Year Capital Plan - Minor Capital Projects (B. Ketcham)	7:50 PM	<u>108</u>

**Recommendation:**

**THAT the Operations Policy and Planning Committee recommend to the Board of Education of School District No. 40 (New Westminster) approve the 2022-23 Minor Capital Plan as presented for submission to the Ministry of Education.**

6.	<u>General Announcements</u>	8:00 PM	
7.	<u>New Business</u>		
8.	<u>Old Business</u>	8:05 PM	

9. Question Period (15 Minutes) 8:10 PM

*Questions to the Chair on matters that arose during the meeting.*

10. Adjournment 8:25 PM



# School District No. 40 (New Westminster)

Audit Findings Report for the year ended  
**June 30, 2021**

Prepared on **September 9, 2021** for presentation on  
**September 14, 2021**

[kpmg.ca/audit](https://kpmg.ca/audit)



# Table of contents

How do we deliver audit quality?	2
Executive summary	3
What's new in 2021	5
Audit risks	8
Areas of audit focus and results	9
Control and other observations	13
Appendices	14



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This Audit Findings Report is intended solely for the information and use of the Board of Education and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings 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.



# How do we deliver audit quality?

**Quality** essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contribute to its delivery.

‘**Perform quality engagements**’ sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

We define ‘**audit quality**’ as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.



**Doing the right thing. Always.**

# Executive summary

## Purpose of this report

The purpose of this Audit Findings Report is to assist you, as a member of the **Operations Policy & Planning Committee** (the “Committee”) 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, 2021**. The Audit Findings Report builds on the Audit Planning Report we presented to the Committee on June 8, 2021.

### 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:

- Completing our discussions with the Committee;
- Obtaining the signed management representation letter;
- Obtaining evidence of the Board of Education’s (the “Board”) approval of the financial statements;
- Completing subsequent event review procedures up to the date of the Board’s 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 statement of the Province.

We will update the Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors’ report, a draft of which is attached to the draft financial statements, will be dated upon the completion of any remaining procedures.

### Changes from the audit plan

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

### What’s new in fiscal 2021

There have been significant changes in fiscal 2021 which impacted financial reporting and our audit:

- COVID-19 pandemic – see page 5.
- CAS 540 Auditing Accounting Estimates and Related Disclosures – see page 7.

### Areas of audit focus

Our audit is risk-focused. We have identified the following significant audit risk required by professional auditing standards:

- Risk of management override of controls

We have also identified key areas of audit focus for financial reporting which include:

- Revenue and receivables;
- Tangible capital assets and deferred capital contributions;
- School generated funds; and
- Employee future benefits and salaries.

We are satisfied that our audit work has appropriately dealt with these areas of audit focus. See pages 8 to 12.

# Executive summary (continued)

## Adjustments and differences

Differences and adjustments include disclosure and presentation differences and adjustments. Professional standards require that we request of management and the Committee that all identified differences be corrected. We have already made this request of management.

### Uncorrected differences

The management representation letter includes the Summary of Uncorrected Audit Misstatements, which discloses the impact of all uncorrected differences considered to be other than clearly trivial, including the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

Based on both qualitative and quantitative considerations, management have decided not to correct certain differences and represented to us that the differences —individually and in the aggregate—are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.

We concur with management's representation that the differences are not material to the financial statements. Accordingly, the differences have no effect on our auditors' report.

### Corrected adjustments

The management representation letter includes all adjustments identified as a result of the audit, communicated to management and subsequently corrected in the financial statements.

See Appendix 2.

## Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

The presentation and disclosure of the financial statement are, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter.

## Control and other observations

In accordance with professional standards, we are required to communicate to the Committee any control deficiencies that we determined, individually or in the aggregate, to be significant ("significant deficiencies").

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

## 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, 2020 up to the date of this report.

## Current developments

There have been no significant updates to the current developments included in our Audit Planning Report.

# What's new in 2021

## COVID-19 pandemic

Areas of impact	Key observations
<b>District's financial reporting impacts</b>	<ul style="list-style-type: none"><li>- We considered impacts to financial reporting due to the COVID-19 pandemic, including delivery of education remotely, reduction in international student enrolment, work from home arrangements for employees and receipt of additional provincial and federal grants. We assessed whether increased disclosures were needed in the financial statements as a result of the significant judgements applied. We reviewed the COVID-19 disclosure prepared by management, included in the financial statements and consider it appropriate.</li></ul>
<b>District's internal control over financial reporting</b>	<ul style="list-style-type: none"><li>- Many organizations have been required, out of necessity, to amend process activities and controls, and as such, segregation of duties and approval of transactions may also have been impacted.</li><li>- We obtained an understanding that there were no significant changes to process activities and controls and therefore determined that the planned audit procedures were appropriate. We confirmed our understanding by performing observations of transactions and process activities.</li></ul>
<b>Materiality</b>	<ul style="list-style-type: none"><li>- We considered impacts to financial reporting on the determination of materiality for the audit of the financial statements.</li><li>- No significant changes were required in determining materiality, as the entity has not been pervasively impacted by COVID-19.</li></ul>
<b>Risk assessment</b>	<ul style="list-style-type: none"><li>- We performed a more thorough risk assessment specifically targeted at the impacts of the COVID-19 pandemic, including an assessment of fraud risk factors (i.e., conditions or events that may be indicative of an incentive/pressure to commit fraud, opportunities to commit fraud, rationalizations of committing fraud).</li><li>- We did not identify any new fraud risk factors or additional risks of material misstatement.</li></ul>
<b>Working remotely</b>	<ul style="list-style-type: none"><li>- We used virtual work rooms, video conferencing, and internally shared team sites to collaborate in real-time, both amongst the audit team as well as with management.</li><li>- We used secure technologies to conduct discussions and perform substantive audit testing.</li><li>- We increased our professional skepticism when evaluating electronic evidence received and performed additional procedures to validate the authenticity and reliability of electronic information used as audit evidence.</li></ul>

# What's new in 2021 (continued)

## COVID-19 pandemic (continued)

Areas of impact	Key observations
<b>Direction and supervision of the audit</b>	<ul style="list-style-type: none"><li>- The Manager and Engagement Partner were actively involved in determining the impact that the COVID-19 pandemic had on the audit (as discussed above), including the impact on the District's financial reporting and changes in the District's internal control over financial reporting.</li><li>- The Manager and Engagement Partner implemented new supervision processes to deal with working in a remote environment, and our audit approach allowed us to manage the audit using meaningful milestones and frequent touch points.</li></ul>

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# What's new in 2021 (continued)

## New auditing standard

Standard	Key observations
<b>CAS 540, Auditing Accounting Estimates and Related Disclosures</b>	<ul style="list-style-type: none"><li>- The new standard was applied on all estimates within the financial statements that had a risk of material misstatement due to estimation uncertainty and not just “key estimates”, “critical accounting estimates”, or “estimates with significant risk”.</li><li>- The granularity and complexity of the new standard along with our interpretation of the application of that standard necessitated more planning and discussion and increased involvement of more senior members of the engagement team.</li><li>- We reviewed all estimates within the financial statements to assess whether they have a risk of material misstatement due to estimation uncertainty. Based on the inherent risks, including management’s estimation models, assumptions and data, we assessed each estimate.</li><li>- There were no estimates identified that had a risk of material misstatement due to estimation uncertainty that was more than remote.</li></ul>

# Audit risks

## Professional requirements

Fraud risk from management override of controls

## Why is this significant?

This is a presumed fraud risk. We have not identified any specific additional risks of management override relating to this audit.

## Our response

Our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments.
- Performing a retrospective review of significant estimates.
- Evaluating the business rationale of significant unusual transactions.

## Significant findings

No significant issues were noted in our audit testing.

# Areas of audit focus and results

We highlight our findings in respect of **areas of audit focus** identified.

Areas of focus	Why are we focusing here?
Revenue and receivables	<p>The majority of funding is received from the Ministry with other amounts received for international student and tuition programs and fees.</p> <p>Contributions received for specific purposes are recorded as deferred contributions until they are spent on eligible expenditures in accordance with the underlying agreements. During F2021, additional special purpose funding was received and recognized in response to COVID-19.</p>

## Our response

- We obtained confirmation directly from the Ministry of Education of funding received for the year and assessed its reporting between operating, special purpose and capital funds.
- We obtained an understanding of contributions received for a specific purpose and considered the appropriateness of management's accounting for these contributions in the financial statements. This included Classroom Enhancement Funds ("CEF") and Safe Return to School and Class grants (Safe Return").
- We obtained proof of a sample of relevant expenditures relating to CEF and Safe Return and assessed that expenses recorded on the financial statements for which revenue was recognized are related specifically to their intended purpose.
- We performed analytical review over fee revenues from other sources, including international student tuition.

## Significant findings

No significant issues were noted in our audit testing.

# Areas of audit focus and results (continued)

Areas of focus	Why are we focusing here?
Tangible capital assets and deferred capital contributions	The District has various capital projects ongoing throughout the year. The District defers restricted contributions received for the acquisition of tangible capital assets. Once spent, the contributions are amortized into revenue over the life of the corresponding asset acquired.
Our response	
<ul style="list-style-type: none"><li>- We obtained an understanding of the processes over contributions received, the acquisitions made or construction of related tangible capital assets and amortization of the assets and deferred capital contributions.</li><li>- We vouched a sample of asset additions to determine appropriate treatment as capital and performed test of details over contributions received to ensure the contributions are appropriately deferred in accordance with the stated accounting policy.</li><li>- 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, 2021, the total overstatement of tangible capital assets relating to prior years, which is offset by an overstatement in deferred capital contributions, remains as an uncorrected adjustment. For the year ending June 30, 2021, management has corrected the proposed adjustment for the current year understatement of amortization of tangible capital assets and amortization of deferred capital contributions, resulting from the delay in commencement of amortization for current year additions. See Appendix 2 for the adjustments.</li><li>- We reviewed the reasonability of amortization expense and amortization of deferred capital revenue to ensure amortization is being recognized using a reasonable estimated useful life and on a consistent basis between the two amortization accounts. We performed a detailed analysis to determine the total impact of departure from accounting standards due to the use of the amortization tool discussed above.</li><li>- We reviewed agreements for contractual commitments and related disclosure requirements.</li><li>- We inquired of management for any liabilities for contaminated sites for assets not in productive use.</li></ul>	
Significant findings	
No other significant issues were noted in our audit testing.	

# Areas of audit focus and results (continued)

Areas of focus	Why are we focusing here?
School generated funds	There is a significant amount of money that flows through the schools, which is accounted for and reported by the administrative staff at each school.
Our response	
<ul style="list-style-type: none"><li>- We obtained an understanding of the processes and controls with respect to school generated funds, including fee collections, refunds and reconciliations.</li><li>- We reviewed a sample of school bank account reconciliations, confirmed bank balances and tested for any significant reconciling items.</li><li>- We performed analytical procedures over school generated funds revenue recognized in the year.</li></ul>	
Significant findings	
No significant issues were noted in our audit testing.	

# Areas of audit focus and results (continued)

Areas of focus	Why are we focusing here?
Employee future benefits and salaries	<p>Employee future benefits and salaries are a significant portion of the District's operations.</p> <p>The Ministry of Education, on behalf of all School Districts in BC, engages an external actuary (Mercer) 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.</p>
Our response	
<ul style="list-style-type: none"><li>- We obtained an understanding of the activities over the initiation, authorization, and recording of payroll and benefit expenses.</li><li>- We performed analytical procedures to understand the change in payroll and benefits relative to budget and prior year. We corroborated significant variances noted by reviewing supporting documentation.</li><li>- We used the work of Mercer to provide audit evidence. We reviewed the key actuarial assumptions and the method used in estimating the liability for employee future benefits for reasonability and compliance with Public Sector Accounting Standards.</li><li>- We assessed the competence, capabilities and objectivity of Mercer in performing the actuarial valuation.</li><li>- We reviewed disclosures within the financial statements and agreed them to the actuarial report.</li></ul>	
Significant findings	
No significant issues were noted in our audit testing.	

# Control and other observations

In accordance with professional standards, we are required to communicate to the Committee significant deficiencies in internal control over financial reporting (ICFR) that we identified during our audit.

The purpose of our audit is to express an opinion on the financial statements. Our audit included consideration of ICFR in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ICFR. The matters being reported are limited to those deficiencies that we have identified during our audit and that we have concluded are of sufficient importance to merit being reported to the Committee and to meet professional standards.

## Significant deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.

# Appendices

**Appendix 1: Required communications**

**Appendix 2: Management representation letter**



# Appendix 1: Required communications

## Draft auditors' report

The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.

## Management representation letter

In accordance with professional standards, a copy of the management representation letter is included in Appendix 2.

## Independence

In accordance with professional standards, we have confirmed our independence.

# Appendix 2: Management representation letter

## MANAGEMENT REPRESENTATION LETTER

KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3

September 28, 2021

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, 2021.

### *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 of the financial statements and believe that these financial statements have been prepared 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 (“relevant information”), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, board of education and committees of the board of education that may affect the financial statements. All significant actions are included in such summaries.
  - c) providing you with unrestricted access to such relevant information.
  - d) providing you with complete responses to all enquiries made by you during the engagement.
  - e) providing you with additional information that you may request from us for the purpose of the engagement.
  - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
  - g) 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.
  - h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, 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 that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - otherswhere such fraud or suspected 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) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

*Going concern:*

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

- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

*Misstatements:*

- 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.
- 12) We approve the corrected misstatements identified by you during the audit described in [Attachment II](#).

*Non-SEC registrants or non-reporting issuers:*

- 13) 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).
- 14) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

*Post-Employment Benefits, Compensated Absences, Termination Benefits and Retirement Benefits:*

- 15) The post-employment benefits, compensated absences, termination benefits and retirement benefit costs, assets and obligation have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 16) We have no knowledge of arrangement (contractual or otherwise) by which programs have been established to provide post-employment benefits, except as disclosed to you.
- 17) The significant accounting policies the Entity has adopted in applying PS 3255, Post-employment benefits, compensated absences and termination benefits and PS 3250, Retirement Benefits (hereinafter referred to as "PS 3255" and "PS3250") are disclosed in note to the financial statements.
- 18) All arrangements (contractual or otherwise) by which programs have been established to provide post-employment benefits have been disclosed by you and included in the determination of pension and post-employment costs and obligations. This includes:
  - i. Pension and other retirement benefits expected to be provided after retirement to employees and their beneficiaries.
  - ii. Post-employment benefits expected to be provided after employment but before retirement to employees and their beneficiaries. These benefits include unused sick leave and severance benefits.
  - iii. Compensated absences for which it is expected employees will be paid. These benefits include accumulating sick days; and
  - iv. Termination benefits.
- 19) The post-employment benefit and retirement costs, assets and obligations have been determined, accounted for and disclosed in accordance with PS 3255 and PS3250. In particular:
  - i) each of the best estimate assumptions used reflects management's judgment of the most likely set of conditions affecting future events; and
  - ii) the best estimate assumptions used are, as a whole, consistent within themselves, and with the valuation method adopted for purposes of this evaluation.

- 20) The assumptions included in the actuarial valuation are those that were determined by Management and the Ministry of Education with Mercer (Canada) Limited ("Mercer") to use in computing amounts to be used by us in determining pension costs and obligations and in making required disclosures in the above-named financial statements, in accordance with PS 3255 and PS3250.
- 21) In arriving at these assumptions, Management and the Ministry of Education obtained the advice of Mercer, but management has reviewed the assumptions and has retained the final responsibility for them.
- 22) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.
- 23) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension and other post-employment benefit and retirement costs.
- 24) The information provided by us to Mercer ("the expert") and used in the work and findings of the expert are complete and accurate. We agree with the findings of the expert in evaluating the actuarial obligations and have adequately considered the qualifications of the expert in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give nor cause any instructions to be given to the expert with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence and objectivity of the expert.

*Other:*

- 25) There are no:
  - a) other liabilities that are required to be recognized and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with the relevant financial reporting framework, including liabilities or contingent liabilities arising from illegal acts or possible illegal acts, or possible violations of human rights legislation.
  - b) other environmental matters that may have an impact on the financial statements.

Yours very truly,

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**

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Mr. Karim Hachlaf, Superintendent of Schools

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Ms. Bettina Ketcham, Secretary-Treasurer

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Mr. James Pocher, Assistant Secretary-Treasurer

## ***Attachment I – Definitions***

### ***Materiality***

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it 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 perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

### ***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.

**Attachment II – Summary of Audit Misstatements Schedules**

**Summary of Uncorrected Audit Misstatements  
Year ended June 30, 2021**

Description	Income effect (Decrease) Increase	Financial position		
		Assets (Decrease) Increase	Liabilities (Decrease) Increase	Accumulated surplus (Decrease) Increase
Dr. Accumulated Surplus, opening	-	-	-	(558,493)
Dr. Deferred Capital Revenue	-	-	(1,252,428)	-
Dr. Amort of DCC - Revenue	(4,074)	-	-	(4,074)
Cr. Amortization expense	72,858	-	-	72,858
Cr. Accumulated amortization	-	(1,742,137)	-	-
<i>To adjust for the net understatement of amortization due to the incorrect application of amortization in prior years.</i>				
Dr. Prepaid expenses	-	853,113	-	-
Dr. Employee Benefits expense	(532,405)	-	-	(532,405)
Cr. Accumulated Surplus, Opening	-	-	-	1,385,518
<i>To record the District's surplus position with respect to benefit deposits and the impact on the employee future benefit expense in the current period.</i>				
<b>Total</b>	<b>(463,621)</b>	<b>(889,024)</b>	<b>(1,252,428)</b>	<b>363,404</b>

**Summary of Corrected Audit Misstatements  
Year ended June 30, 2021**

Description	Income effect (Decrease) Increase	Financial position		
		Assets (Decrease) Increase	Liabilities (Decrease) Increase	Accumulated surplus (Decrease) Increase
Dr. Amortization expense	(1,574,300)	-	-	(1,574,300)
Dr. Deferred Capital Revenue	-	-	(1,285,603)	-
Cr. Acc Amortization – Buildings	-	(1,310,767)	-	-
Cr. Acc Amortization – Equipment	-	(138,157)	-	-
Cr. Acc Amortization – Vehicles	-	(2,314)	-	-
Cr. Acc Amortization – Computer Hardware	-	(123,062)	-	-
Cr. Amortization of DCC - Revenue	1,285,603	-	-	1,285,603
<i>To record amortization for current year additions to TCA and Deferred Capital Revenue.</i>				

**Misstatements in Presentation and Disclosure**  
**Year ended June 30, 2021**

Public Sector Accounting Standards require the statement of operations and statement of changes in net debt to 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.



[kpmg.ca/audit](https://kpmg.ca/audit)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education of School District No. 40 (New Westminster), and

To the Minister of Education, Province of British Columbia

### **Opinion**

We have audited the financial statements of School District No. 40 (New Westminster), (the "Entity"), which comprise:

- the statement of financial position as at June 30, 2021
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements of the Entity as at and for the year ended June 30, 2021 are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter – Financial Reporting Framework**

We draw attention to note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between the financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.



### ***Other Information***

Management is responsible for the other information. Other information comprises:

- Information, other than the financial statements and the auditors' report thereon, included in the Financial Statement Discussion and Analysis document.
- Unaudited Schedules 1-4 attached to the audited financial statements

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Financial Statement Discussion and Analysis document and the unaudited schedules 1-4 attached to the audited financial statements as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget and Transparency and Accountability Act of the Province of British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**DRAFT**

Chartered Professional Accountants

Vancouver, Canada  
September 28, 2021



**Supplement to: OPERATIONS POLICY AND PLANNING MEETING**

**Date:** September 14, 2021

**Submitted by:** Bettina Ketcham, Secretary-Treasurer

**Item:**            **Requiring Action**    **Yes**        **No**                **For Information**   

**Subject:**            2020-21 Financial Results

**Background:**

Our auditors, KPMG, LLP have completed their work over our 2020-21 financial year. The audit went well and the financial results will be presented during the September operations committee meeting and be approved by the Board at the September 28<sup>th</sup> board meeting. The financial statements are due to be submitted to the Ministry of Education on or before September 30.

We have ended the year with an operating surplus of \$945K, however also have \$512K of purchase orders (which are expenses that we have made a commitment to a vendor for) and thus represent a timing difference of expenses between the current and previous fiscal year. Once these commitments are removed, the surplus for the year is \$433K. In April 2021, it was anticipated the surplus would have been \$386K for the year ended June 30, 2021. These projections did inform the 2021-22 preliminary budget and decisions.

During the preliminary budget process (completed in May 2021), the board approved that for the 2021-22 school year a \$2.181M operating deficit (\$520K of which are related to local capital adjustments). The preliminary deficit was largely driven the continued lower rates in enrolment within the international program and lack of premium holiday for benefit payments for staff, representing a return to normal rates of expenditure compared to the prior year. Furthermore, there are over \$720K in one-time budget priorities (see attached presentation slide 10) which include a capital contribution of \$250,000 for the Queen Elizabeth expansion and completion of the NLC Wellness/Welcome centre at NWSS.

As part of the Funding Model Review recommendations, the Ministry is requiring Districts as of July 1, 2021 to make motions, for the sake of transparency regarding moves for any internally restricted amounts (including those related to local capital) even if the preliminary budget was approved with these internal restrictions.



	2020-21 Amended Budget	2020-21 Actual	Change	Notes
Accumulated surplus - Opening	3,978,341	3,978,341	-	
Net Surplus (Deficit)	- 115,068	945,586	1,060,654	
Accumulated Surplus - Closing	3,863,273	4,923,927	1,060,654	
Commitments recognized in 2021-22	-	- 512,079	- 512,079	
	3,863,273	4,411,848	548,575	
Less: Expected annual deficit 2021-22		- 1,661,391		
Less: Local Capital Transfers		- 520,000		
Less: board Contingency		- 500,000		Annually recurring reserve
Less: 2020-21 Holdback reserve		- 138,139		Holdback received June 2020-21 and to be applied for COVID recovery
Less: RCAP/Power local grants		- 2,869		
Less: School surpluses		- 14,796		
Unrestricted Operating Surplus		1,574,653		
Sum of yellow cells		- 2,181,391		Agrees to the 2021-22 preliminary budget approved in May 2021

Unlike the 2020-21 school year where significant funding was received for COVID (\$3.2M), the current year COVID funding includes:

- \$234,422 of “Restart Funding” which includes approximately \$70K for mental health supports
- \$138,139 of 2020-21 Holdback funds which are meant to be utilized for COVID recovery

At this time, the District team alongside department leads, are coming up with a plan for expenditure to ensure the funding is stretched as far as possible to the areas they are needed the most.

Finally, there will be continual monthly monitoring through budget-to-actual reporting, along with the amended budget process will allow the board to keep apprised of the 2021-22 operating budget and how we are trending.

**Recommendation:**

**THAT the Operations Policy and Planning committee recommend to the Board of Education of School District No. 40 (New Westminster) that the internal restrictions be committed as presented.**

**Recommendation:**

**THAT the Operations Policy and Planning committee recommend to the Board of Education of School District No. 40 (New Westminster) approval of the 2020-21 Financial Statements as presented.**

# 2020-21 Year End Results

School District No. 40

September 14, 2021





# Recognition

The background of the slide is a teal-colored image of a large number of smooth, rounded stones or pebbles. The stones are densely packed and vary in size and shape, creating a textured, natural-looking surface. The overall color scheme is a monochromatic teal.

# Overview

# Highlights of the year

OPERATING UNDER A GLOBAL PANDEMIC FOR THE ENTIRE SCHOOL YEAR

- ONLINE LEARNING
- IMPACTS TO INTERNATIONAL STUDENT POPULATION FROM PREVIOUS LEVELS
- ADDITIONAL FUNDING RECEIVED FROM FEDERAL (\$2,738,516) AND PROVINCIAL GOVERNMENT (\$488,210)

SCHOOL AGE ENROLMENT IN 2020-21 6,660 v. 2019-20 6,601.6

ADULT AGE ENROLMENT IN 2020-21 172.125 v. 2019-20 286.5

- DECREASE DUE TO NIGHT TIME OFFERING OF ADULT ED ONLY

# Highlights of the year

## CAPITAL PROJECTS UNDERWAY

- NEW WEST SECONDARY SCHOOL COMPLETED
- SKWO:WECH (FORMERLY RICHARD MCBRIDE) NEARING COMPLETION
- QUEEN ELIZABETH ELEMENTARY EXPANSION APPROVED



# Funds



OUR FINANCIAL STATEMENTS  
ARE COMPRISED OF 3 FUNDS:

- OPERATING FUND
- SPECIAL PURPOSE FUND
- CAPITAL FUND

WHILE THE BOARD APPROVES THE  
FINANCIAL STATEMENTS WHICH  
COMPRISE OF ALL 3 FUNDS, THE  
MOST FOCUS IS ON OPERATING.

# Surplus

OVERALL CHANGE IN NET POSITION (ALL 3 FUNDS) : INCREASE OF \$1,739,184 – OPERATING SURPLUS IS \$945,586

SURPLUS WAS NOT UNEXPECTED DUE TO ADDITIONAL FUNDING RECEIVED FOR COVID

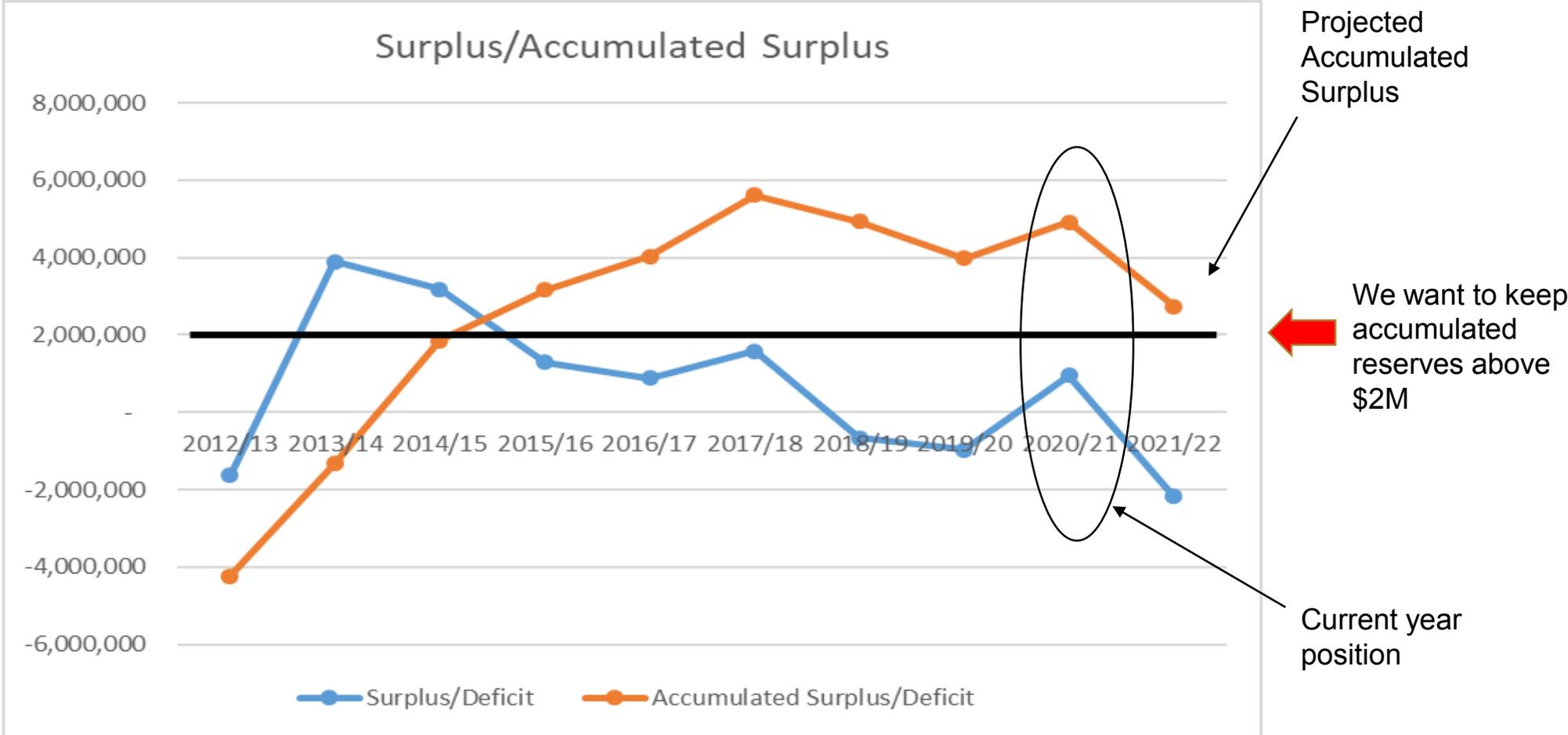
TAKE NOTE OF THE SURPLUSES IN DIFFERENT CATEGORIES AND WHAT WE CAN DO WITH THEM...

	Operating Fund	Special Purpose Fund	Capital Fund	2021 Actual	2020 Actual
	\$	\$	\$	\$	\$
Accumulated Surplus (Deficit), beginning of year	3,978,341		24,688,465	28,666,806	27,496,901
<b>Changes for the year</b>					
Surplus (Deficit) for the year	1,694,979	1,032,088	(1,274,996)	1,452,071	1,169,905
Interfund Transfers					
Tangible Capital Assets Purchased	(749,393)	(1,032,088)	1,781,481	-	
<b>Net Changes for the year</b>	<b>945,586</b>	<b>-</b>	<b>506,485</b>	<b>1,452,071</b>	<b>1,169,905</b>
<b>Accumulated Surplus (Deficit), end of year - Statement 2</b>	<b>4,923,927</b>	<b>-</b>	<b>25,194,950</b>	<b>30,118,877</b>	<b>28,666,806</b>

# Surplus Continued

- ❑ IN APRIL 2021 IT WAS PROJECTED THAT THERE WOULD BE \$386,000 IN SURPLUS AT THE END OF THE YEAR
- ❑ THERE ARE COMMITMENTS THAT WERE NOT RECOGNIZED AS OF JUNE 30 OF \$512,079 - THIS IS A TIMING DIFFERENCE AND THE COSTS WILL BE RECOGNIZED IN THE 2021-22 SCHOOL YEAR
- ❑ IN THE PROJECTION, IT HAD NOT YET BEEN ANNOUNCED THAT \$138K OF HOLDBACK WOULD BE RELEASED WHICH HAS INCREASED REVENUES FOR THE YEAR

# Surplus/Accumulated Surplus over time (Operating)



# 2021-22 Summary of Budget Priorities

Requests identified	Ongoing (\$)	One Time (\$)	Total (\$)
Counsellor (0.4 FTE)	\$42,720	\$0	\$42,720
Additional VP support at Qayqayt (0.2 FTE)	\$21,360	\$0	\$21,360
HR priorities – staff retention and recruitment	\$0	\$22,625	\$22,625
Finance priorities – record digitization	\$6,500	\$38,000	\$44,500
Learning team – literacy initiatives	\$25,000	\$0	\$25,000
NLC Welcome Centre	\$0	\$210,000	\$210,000
Maintenance equipment	\$0	\$35,000	\$35,000
Collaborative Learning Spaces	\$0	\$75,000	\$75,000
COVID Health and Safety	\$0	\$90,000	\$90,000
Local capital – capital project contribution fund	\$0	\$250,000	\$250,000
<b>Total Requests Identified</b>	<b>\$95,580</b>	<b>\$720,625</b>	<b>\$816,205</b>

# 2020-21 Budget to Actual

	2020-21 Amended Budget	2020-21 Actual	Change	Notes
Accumulated surplus - Opening	3,978,341	3,978,341	-	
Net Surplus (Deficit)	- 115,068	945,586	1,060,654	
Accumulated Surplus - Closing	3,863,273	4,923,927	1,060,654	
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	3,863,273	4,411,848	548,575	
Less: Expected annual deficit 2021-22		- 1,661,391		
Less: Local Capital Transfers		- 520,000		
Less: board Contingency		- 500,000		Annually recurring reserve
Less: 2020-21 Holdback reserve		- 138,139		Holdback received June 2020-21 and to be applied for COVID recovery
Less: RCAP/Power local grants		- 2,869		
Less: School surpluses		- 14,796		
Unrestricted Operating Surplus		1,574,653		
Sum of yellow cells		- 2,181,391		Agrees to the 2021-22 preliminary budget approved in May 2021

Refer to Note 15 in the notes to financial statements



# Statement of Financial Position

# Statement of Financial Position

	2021 Actual	2020 Actual
	\$	\$
<b>Financial Assets</b>		
Cash and Cash Equivalents	25,110,928	28,007,468
Accounts Receivable		
Due from Province - Ministry of Education (Note 3)	698,974	4,909,628
Other	275,665	547,146
<b>Total Financial Assets</b>	<b>26,085,567</b>	<b>33,464,242</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities		
Other (Note 4)	8,297,628	15,877,654
Unearned Revenue (Note 5)	1,527,821	1,651,089
Deferred Revenue (Note 6)	1,300,084	1,434,242
Deferred Capital Revenue (Note 7)	184,512,396	163,296,804
Employee Future Benefits (Note 8)	3,568,459	3,392,522
<b>Total Liabilities</b>	<b>199,206,388</b>	<b>185,652,311</b>
<b>Net Debt</b>	<b>(173,120,821)</b>	<b>(152,188,069)</b>

# Statement of Financial Position

## Non-Financial Assets

Tangible Capital Assets (Note 9)

203,076,399 180,681,821

Prepaid Expenses

163,299 173,054

**Total Non-Financial Assets**

**203,239,698 180,854,875**

**Accumulated Surplus (Deficit) (Note 15)**

**30,118,877 28,666,806**

# Financial Position health indicators

## ACCUMULATED SURPLUS FROM OPERATIONS

**2021: \$4,923,927 (2020: \$3,978,341)**

*DISTRICT'S ABILITY TO REACT TO EMERGENT SITUATIONS AND THE ABILITY TO FUND SPECIAL INITIATIVES.*

## NET DEBT:

**2021 Increase in net debt of: \$20,932,752 or 14% (2020 increase: \$42,446,258 or 41%)**

*NET DEBT IS NOT INDICATIVE HERE OF FINANCIAL DIFFICULTY, ITS DUE TO THE ACQUISITION OF TANGIBLE CAPITAL ASSETS.*

## LIQUIDITY RATIO – CURRENT ASSETS OVER CURRENT LIABILITIES:

**2021 Ratio: 2.34: 1 (2020 Ratio 1.76:1)**

*A LIQUIDITY RATIO OF GREATER THAN ONE IS DESIRABLE. THIS MEANS THAT THE DISTRICT HAS THE ABILITY TO PAY CURRENT LIABILITIES AS THEY ARE DUE. LIQUIDITY = FLEXIBILITY.*



# Operating Fund

# Operating Fund – Income Schedule

(Schedule 2 in the Financial Statements)

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	66,089,588	66,577,233	64,426,708
Other	118,788	69,159	206,780
Tuition	1,758,240	1,859,214	3,597,541
Other Revenue	95,825	90,743	421,061
Rentals and Leases	169,667	251,367	207,144
Investment Income	230,000	205,679	362,525
<b>Total Revenue</b>	<b>68,462,108</b>	<b>69,053,395</b>	<b>69,221,759</b>
<b>Expenses</b>			
Instruction	57,609,406	57,394,721	57,182,594
District Administration	3,317,825	3,211,128	3,354,175
Operations and Maintenance	6,908,799	6,517,724	6,698,671
Transportation and Housing	241,146	234,843	283,623
<b>Total Expense</b>	<b>68,077,176</b>	<b>67,358,416</b>	<b>67,519,063</b>
<b>Operating Surplus (Deficit) for the year</b>	<b>384,932</b>	<b>1,694,979</b>	<b>1,702,696</b>
<b>Budgeted Appropriation (Retirement) of Surplus (Deficit)</b>	<b>115,068</b>		
<b>Net Transfers (to) from other funds</b>			
Tangible Capital Assets Purchased	(500,000)	(749,393)	(664,444)
Local Capital			(2,000,000)
<b>Total Net Transfers</b>	<b>(500,000)</b>	<b>(749,393)</b>	<b>(2,664,444)</b>
<b>Total Operating Surplus (Deficit), for the year</b>	<b>-</b>	<b>945,586</b>	<b>(961,748)</b>

Holdback fund received in June; Greater adult education participation

More international students continued to arrive throughout the year

Film rentals at old NWSS boosted rentals higher than anticipated

Less than 1% difference from anticipated budget

\$500K of PO's still outstanding of items ordered and not yet received

# Operating fund – expense detail

(Schedule 2B in the Financial Statements)

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
<b>Salaries</b>			
Teachers	30,443,251	30,120,830	30,060,862
Principals and Vice Principals	3,853,581	4,012,931	3,568,766
Educational Assistants	6,278,286	6,567,369	6,006,077
Support Staff	5,423,595	5,419,447	5,519,537
Other Professionals	2,786,344	2,765,366	2,709,636
Substitutes	1,552,231	1,459,026	1,683,758
<b>Total Salaries</b>	<b>50,337,288</b>	<b>50,344,969</b>	<b>49,548,636</b>
<b>Employee Benefits</b>	<b>11,632,157</b>	<b>11,762,333</b>	<b>11,937,892</b>
<b>Total Salaries and Benefits</b>	<b>61,969,445</b>	<b>62,107,302</b>	<b>61,486,528</b>
<b>Services and Supplies</b>			
Services	1,888,628	1,754,169	2,202,876
Student Transportation	75,007	52,837	111,815
Professional Development and Travel	447,461	412,448	396,269
Rentals and Leases	239,400	254,442	243,266
Dues and Fees	109,900	76,566	109,634
Insurance	124,026	119,336	108,972
Supplies	2,094,803	1,458,701	1,694,541
Utilities	1,128,506	1,104,067	1,108,437
Bad Debt	-	18,548	56,725
<b>Total Services and Supplies</b>	<b>6,107,731</b>	<b>5,251,114</b>	<b>6,032,535</b>
<b>Total Operating Expense</b>	<b>68,077,176</b>	<b>67,358,416</b>	<b>67,519,063</b>

Overall, salaries budget to actual was accurate with a precision of < 1%

\$500K in open commitments at end of year

# Operating expense by Function, Program and Object

(Schedule 2c in the Financial Statements)

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2021 Actual	2021 Budget	2020 Actual	2021 % OF SPEND	2020 % OF SPEND
	\$	\$	\$	\$	\$	\$	\$		
<b>1 Instruction</b>									
1.02 Regular Instruction	27,493,969	6,303,192	33,797,161	1,551,767	35,348,928	35,730,266	34,575,213		
1.03 Career Programs	446,453	107,590	554,043	78,826	632,869	621,677	701,243		
1.07 Library Services	315,640	72,576	388,216	47,653	435,869	404,213	266,392		
1.08 Counselling	576,298	124,646	700,944	3,681	704,625	754,056	553,826		
1.10 Special Education	9,438,026	2,428,062	11,866,088	206,078	12,072,166	11,718,763	11,177,596		
1.30 English Language Learning	996,310	218,138	1,214,448	6,009	1,220,457	1,232,702	988,699		
1.31 Indigenous Education	284,367	130,621	414,988	10,091	425,079	388,110	418,696		
1.41 School Administration	4,322,966	920,402	5,243,368	42,070	5,285,438	5,441,956	5,006,757		
1.60 Summer School	100,031	20,863	120,894	338	121,432	127,751	174,432		
1.61 Continuing Education	185,924	44,805	230,729		230,729	226,920	1,320,989		
1.62 International and Out of Province Students	697,563	157,279	854,842	57,723	912,565	958,442	1,996,105		
1.64 Other	-	-	-	4,564	4,564	4,550	2,646		
<b>Total Function 1</b>	<b>44,857,547</b>	<b>10,528,174</b>	<b>55,385,721</b>	<b>2,000,000</b>	<b>57,394,721</b>	<b>57,609,406</b>	<b>57,182,594</b>	<b>85.2%</b>	<b>84.7%</b>

Funded for \$7,019,700; exceeded funding by 72%

Targeted funding is \$403,500; exceeded funding by 5.3%

# Operating expense by Function, Program and Object

(Schedule 2c in the Financial Statements)

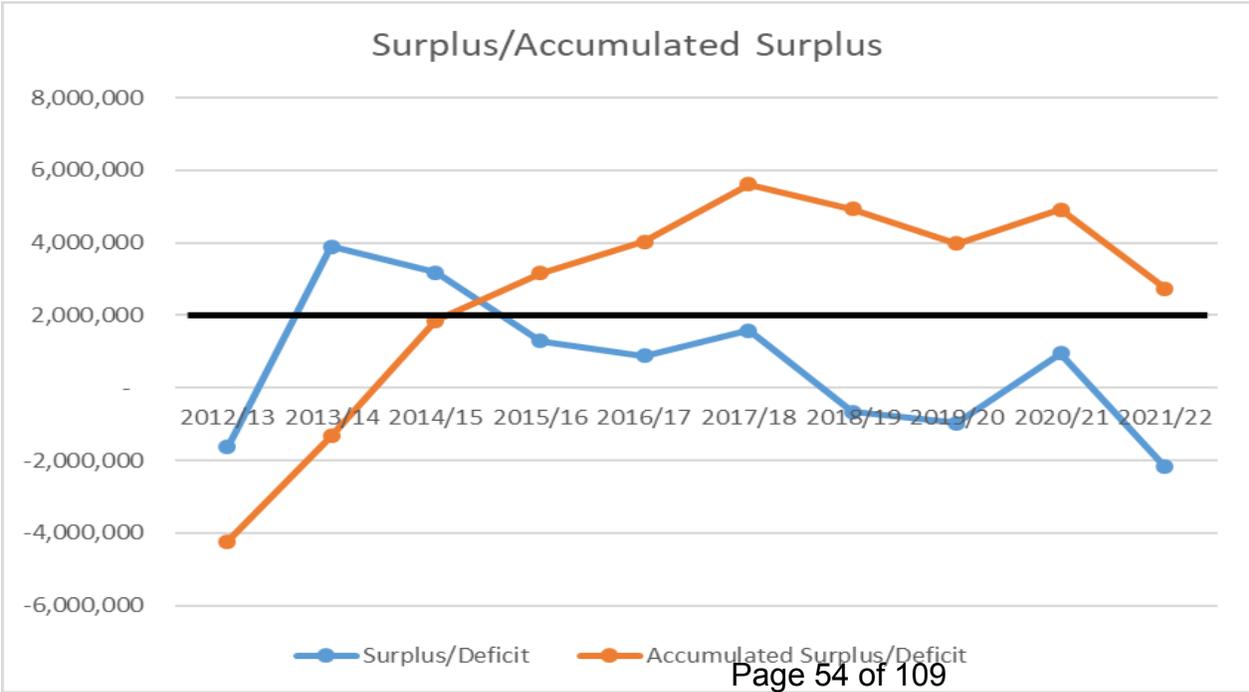
	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2021 Actual	2021 Budget	2020 Actual	2021 % OF SPEND	2020 % OF SPEND
	\$	\$	\$	\$	\$	\$	\$		
<b>4 District Administration</b>									
4.11 Educational Administration	526,079	102,350	628,429	206,107	834,536	849,881	895,163		
4.40 School District Governance	247,710	26,445	274,155	55,792	329,947	338,453	330,353		
4.41 Business Administration	1,430,661	288,414	1,719,075	327,570	2,046,645	2,129,491	2,128,659		
<b>Total Function 4</b>	<b>2,204,450</b>	<b>417,209</b>	<b>2,621,659</b>	<b>589,469</b>	<b>3,211,128</b>	<b>3,317,825</b>	<b>3,354,175</b>	<b>4.76%</b>	<b>4.96%</b>
<b>5 Operations and Maintenance</b>									
5.41 Operations and Maintenance Administration	404,585	84,080	488,665	263,620	752,285	610,772	699,227		
5.50 Maintenance Operations	2,472,698	644,326	3,117,024	1,275,454	4,392,478	4,465,806	4,604,085		
5.52 Maintenance of Grounds	242,504	65,518	308,022	11,545	319,567	362,354	332,464		
5.56 Utilities	-	-	-	1,053,394	1,053,394	1,469,867	1,062,895		
<b>Total Function 5</b>	<b>3,119,787</b>	<b>793,924</b>	<b>3,913,711</b>	<b>2,604,013</b>	<b>6,517,724</b>	<b>6,908,799</b>	<b>6,698,671</b>	<b>9.67%</b>	<b>9.92%</b>
<b>7 Transportation and Housing</b>									
7.70 Student Transportation	163,185	23,026	186,211	48,632	234,843	241,146	283,623		
<b>Total Function 7</b>	<b>163,185</b>	<b>23,026</b>	<b>186,211</b>	<b>48,632</b>	<b>234,843</b>	<b>241,146</b>	<b>283,623</b>	<b>0.34%</b>	<b>0.42%</b>

# Operating Fund Health Indicators

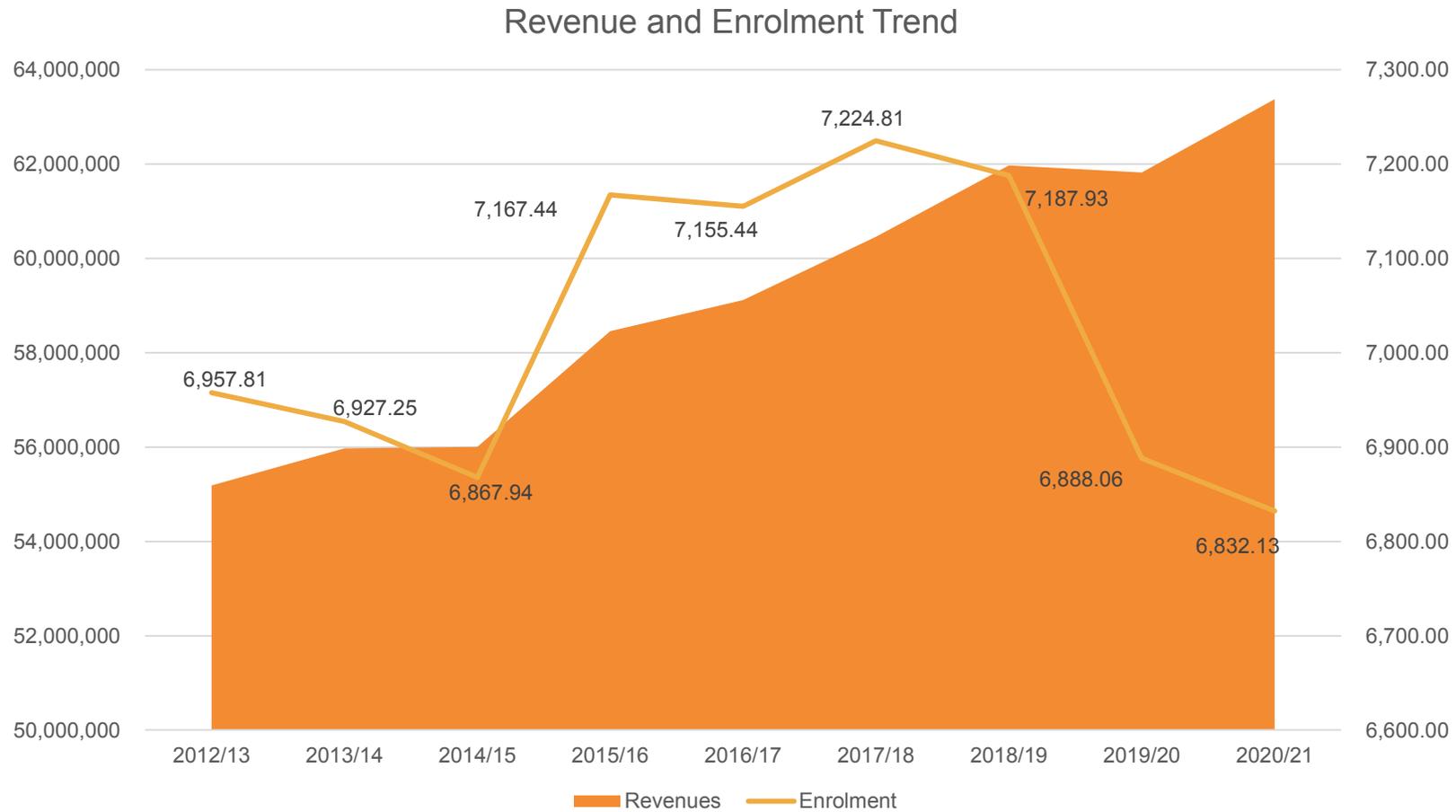
ACCUMULATED SURPLUS FROM OPERATIONS AND EXPENDITURES: 7.3% (2020: 5.8%)

ACCUMULATED OPERATING RESERVES OVER AND ABOVE \$2M: \$2,923,927 (2020:\$1,978,341)

SURPLUS/DEFICIT FROM OPERATIONS OVER TIME (PREVIOUS SLIDE)



# Operating Fund Health Indicators





# Special Purpose Fund

# What is a special purpose fund?

SPECIAL PURPOSE FUNDS ARE MONIES FROM GRANTS AND CONTRIBUTIONS RECEIVED BY DISTRICTS FOR A SPECIFIC PURPOSE (I.E. STIPULATIONS/TARGETED) ASSOCIATED WITH RECEIVING THE GRANTS.

AMOUNTS THAT AREN'T SPENT ARE KEPT AS DEFERRED REVENUE UNTIL EXPENSES ARE INCURRED THAT MEET THE STIPULATION FOR EXPENDITURE.

RECENTLY:

- RENEWED MINISTRY FOCUS ON KEEPING UNUSED BALANCES LOW
- INTEREST IN KEEPING SCHOOL GENERATED FUNDS LOW
- OUR DISTRICT HAS CONTINUED TO REDUCE SPECIAL PURPOSE DEFERRED



# Special Purpose Grants

(See Schedule 3A in Financial Statements)

Special purpose Grant	Opening balance	Revenue	Expense	Recovered	Additional expenses funded by and reported in operations	Ending balance
Annual Facilities Grant	-	235,872	235,872		-	-
Learning Improvement Fund	-	227,646	227,646		50,869	-
Special Education Equipment	20,899	-	4,576		-	16,323
Scholarships and Bursaries	398,141	167,190	108,715		-	456,616
School Generated Funds	914,561	596,873	713,199		-	798,235
Strong Start	-	96,000	96,000		6,378	-
Ready Set Learn	21,305	19,600	24,960		-	15,945
OLEP	21,051	141,940	161,417		-	1,574
Community LINK	-	1,564,759	1,564,759		12,213	-
CEF - Overhead	-	373,060	373,060		-	-
CEF - Staffing	-	5,645,804	5,645,804		-	-
CEF - Remedies	38,737	170,675	170,675	- 38,737	-	-
Mental Health In Schools	4,290	52,000	51,507		-	4,783
Safe Return to School Grant	-	488,210	488,210		-	-
Federal Safe Return to Class Fund	-	2,738,516	2,738,516		-	-
Apprentice Program	-	91,400	84,792		-	6,608
United Way	15,258	75,000	90,258		2,165	-
	1,434,242	12,684,545	12,779,966		71,625	1,300,084



# Capital Fund

# Sources of capital funding

(Schedule 4D in financial statements)

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	1,021,863	8,819	1,282,634	2,699,682	-	5,012,998
<b>Changes for the Year</b>						
Increase:						
Provincial Grants - Ministry of Education	23,633,017					23,633,017
Other				582,814	823,257	1,406,071
Investment Income	32,865			22,605		55,470
Transfer project surplus to MEd Restricted (from) Bylaw	(4,291)	4,291				-
	23,661,591	4,291	-	605,419	823,257	25,094,558
Decrease:						
Transferred to DCR - Capital Additions	15,042,077		22,387			15,064,464
Transferred to DCR - Work in Progress	9,641,377				78,649	9,720,026
	24,683,454	-	22,387	-	78,649	24,784,490
<b>Net Changes for the Year</b>	(1,021,863)	4,291	(22,387)	605,419	744,608	310,068
<b>Balance, end of year</b>	-	13,110	1,260,247	3,305,101	744,608	5,323,066

LOCAL CAPITAL BALANCE SITS AT \$1,301,488 (2020: \$2,284,057) FOR WHICH THE REDUCTION FROM THE PRIOR YEAR REPRESENTS THE \$1M THAT WAS SPENT FOR THE SKWO:WECH REPLACEMENT AS PER OUR C.P.F.A.

# Capital Additions

(Schedule 4A in Financial Statements)

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost, beginning of year</b>	15,057,921	118,175,868	1,702,046	192,622	-	3,774,996	138,903,453
<b>Changes for the Year</b>							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		13,051,259	1,990,818				15,042,077
Deferred Capital Revenue - Other			23,971				23,971
Operating Fund			563,642			185,751	749,393
Special Purpose Funds		557,686	25,686			447,132	1,030,504
Local Capital			24,749				24,749
Transferred from Work in Progress		80,472,107	350				80,472,457
	-	94,081,052	2,629,216	-	-	632,883	97,343,151
Decrease:							
Deemed Disposals			133,932	46,268		597,739	777,939
Written-off/down During Year		2,695,087					2,695,087
	-	2,695,087	133,932	46,268	-	597,739	3,473,026
<b>Cost, end of year</b>	15,057,921	209,561,833	4,197,330	146,354	-	3,810,140	232,773,578
<b>Work in Progress, end of year</b>		15,643,374					15,643,374
<b>Cost and Work in Progress, end of year</b>	15,057,921	225,205,207	4,197,330	146,354	-	3,810,140	248,416,952

SIGNIFICANT CHANGE IN BALANCE NOW THAT THE HIGH SCHOOL IS COMPLETED. SIGNIFICANT WORK IN PROGRESS DUE TO THE SKWO:WECH ELEMENTARY BUILD



# Questions?

Audited Financial Statements of

# **School District No. 40 (New Westminster)**

And Independent Auditors' Report thereon

June 30, 2021

# School District No. 40 (New Westminster)

June 30, 2021

## Table of Contents

Management Report .....	1
Independent Auditors' Report .....	2-4
Statement of Financial Position - Statement 1 .....	5
Statement of Operations - Statement 2 .....	6
Statement of Changes in Net Debt - Statement 4 .....	7
Statement of Cash Flows - Statement 5 .....	8
Notes to the Financial Statements .....	9-24
Schedule of Changes in Accumulated Surplus (Deficit) by Fund - Schedule 1 (Unaudited) .....	25
Schedule of Operating Operations - Schedule 2 (Unaudited) .....	26
Schedule 2A - Schedule of Operating Revenue by Source (Unaudited) .....	27
Schedule 2B - Schedule of Operating Expense by Object (Unaudited) .....	28
Schedule 2C - Operating Expense by Function, Program and Object (Unaudited) .....	29
Schedule of Special Purpose Operations - Schedule 3 (Unaudited) .....	31
Schedule 3A - Changes in Special Purpose Funds and Expense by Object (Unaudited) .....	32
Schedule of Capital Operations - Schedule 4 (Unaudited) .....	34
Schedule 4A - Tangible Capital Assets (Unaudited) .....	35
Schedule 4B - Tangible Capital Assets - Work in Progress (Unaudited) .....	36
Schedule 4C - Deferred Capital Revenue (Unaudited) .....	37
Schedule 4D - Changes in Unspent Deferred Capital Revenue (Unaudited) .....	38

# 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	Date Signed
Signature of the Secretary Treasurer	Date Signed

# School District No. 40 (New Westminster)

## Statement of Financial Position

As at June 30, 2021

	2021 Actual \$	2020 Actual \$
<b>Financial Assets</b>		
Cash and Cash Equivalents	25,110,928	28,007,468
Accounts Receivable		
Due from Province - Ministry of Education (Note 3)	698,974	4,909,628
Other	275,665	547,146
<b>Total Financial Assets</b>	<b>26,085,567</b>	<b>33,464,242</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities		
Other (Note 4)	8,297,628	15,877,654
Unearned Revenue (Note 5)	1,527,821	1,651,089
Deferred Revenue (Note 6)	1,300,084	1,434,242
Deferred Capital Revenue (Note 7)	184,512,396	163,296,804
Employee Future Benefits (Note 8)	3,568,459	3,392,522
<b>Total Liabilities</b>	<b>199,206,388</b>	<b>185,652,311</b>
<b>Net Debt</b>	<b>(173,120,821)</b>	<b>(152,188,069)</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 9)	203,076,399	180,681,821
Prepaid Expenses	163,299	173,054
<b>Total Non-Financial Assets</b>	<b>203,239,698</b>	<b>180,854,875</b>
<b>Accumulated Surplus (Deficit) (Note 15)</b>	<b>30,118,877</b>	<b>28,666,806</b>

Contractual Obligations (Note 13)

Contingent Liabilities (Note 18)

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 \_\_\_\_\_

DRAFT

# School District No. 40 (New Westminster)

Statement of Operations  
Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	78,751,344	<b>78,345,646</b>	73,332,619
Other	118,788	<b>153,951</b>	206,780
Tuition	1,758,240	<b>1,859,214</b>	3,597,541
Other Revenue	214,749	<b>1,046,170</b>	2,413,239
Rentals and Leases	169,667	<b>251,367</b>	207,144
Investment Income	245,000	<b>219,193</b>	378,916
Amortization of Deferred Capital Revenue	2,585,551	<b>3,878,966</b>	2,344,524
<b>Total Revenue</b>	<u>83,843,339</u>	<u><b>85,754,507</b></u>	<u>82,480,763</u>
<b>Expenses</b>			
Instruction	69,348,792	<b>68,223,523</b>	67,641,445
District Administration	3,317,825	<b>3,289,794</b>	3,354,175
Operations and Maintenance	10,526,437	<b>12,532,709</b>	10,003,553
Transportation and Housing	260,408	<b>256,410</b>	311,685
<b>Total Expense</b>	<u>83,453,462</u>	<u><b>84,302,436</b></u>	<u>81,310,858</u>
<b>Surplus (Deficit) for the year</b>	<u>389,877</u>	<u><b>1,452,071</b></u>	<u>1,169,905</u>
<b>Accumulated Surplus (Deficit) from Operations, beginning of year</b>		<b>28,666,806</b>	27,496,901
<b>Accumulated Surplus (Deficit) from Operations, end of year</b>		<u><b>30,118,877</b></u>	<u>28,666,806</u>

# School District No. 40 (New Westminster)

Statement of Changes in Net Debt  
Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
<b>Surplus (Deficit) for the year</b>	389,877	<b>1,452,071</b>	1,169,905
<b>Effect of change in Tangible Capital Assets</b>			
Acquisition of Tangible Capital Assets	(22,301,936)	<b>(27,590,720)</b>	(46,939,341)
Amortization of Tangible Capital Assets	3,621,842	<b>5,196,142</b>	3,317,886
<b>Total Effect of change in Tangible Capital Assets</b>	<b>(18,680,094)</b>	<b>(22,394,578)</b>	(43,621,455)
Acquisition of Prepaid Expenses	(160,000)	<b>(163,299)</b>	(173,054)
Use of Prepaid Expenses	160,000	<b>173,054</b>	178,346
<b>Total Effect of change in Other Non-Financial Assets</b>	<b>-</b>	<b>9,755</b>	5,292
<b>(Increase) Decrease in Net Debt, before Net Remeasurement Gains (Losses)</b>	<b>(18,290,217)</b>	<b>(20,932,752)</b>	(42,446,258)
<b>Net Remeasurement Gains (Losses)</b>			
<b>(Increase) Decrease in Net Debt</b>		<b>(20,932,752)</b>	(42,446,258)
<b>Net Debt, beginning of year</b>		<b>(152,188,069)</b>	(109,741,811)
<b>Net Debt, end of year</b>		<b>(173,120,821)</b>	(152,188,069)

# School District No. 40 (New Westminster)

Statement of Cash Flows  
Year Ended June 30, 2021

	2021 Actual	2020 Actual
	\$	\$
<b>Operating Transactions</b>		
Surplus (Deficit) for the year	1,452,071	1,169,905
Changes in Non-Cash Working Capital		
Decrease (Increase)		
Accounts Receivable	4,482,135	(1,921,672)
Prepaid Expenses	9,755	5,292
Increase (Decrease)		
Accounts Payable and Accrued Liabilities	(7,580,026)	3,726,814
Unearned Revenue	(123,268)	(1,212,085)
Deferred Revenue	(134,158)	(1,012,082)
Employee Future Benefits	175,937	(5,931)
Amortization of Tangible Capital Assets	5,196,142	3,317,886
Amortization of Deferred Capital Revenue	(3,878,966)	(2,344,524)
<b>Total Operating Transactions</b>	<b>(400,378)</b>	<b>1,723,603</b>
<b>Capital Transactions</b>		
Tangible Capital Assets Purchased	(16,870,694)	(2,595,923)
Tangible Capital Assets -WIP Purchased	(10,720,026)	(44,343,418)
<b>Total Capital Transactions</b>	<b>(27,590,720)</b>	<b>(46,939,341)</b>
<b>Financing Transactions</b>		
Capital Revenue Received	25,094,558	47,228,252
<b>Total Financing Transactions</b>	<b>25,094,558</b>	<b>47,228,252</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,896,540)</b>	<b>2,012,514</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>28,007,468</b>	<b>25,994,954</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>25,110,928</b>	<b>28,007,468</b>
<b>Cash and Cash Equivalents, end of year, is made up of:</b>		
Cash	25,110,928	28,007,468
	<b>25,110,928</b>	<b>28,007,468</b>

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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**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.

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant financial, market and social dislocating impact worldwide. Under direction of the Provincial Health Officer, all schools suspended in-class instruction in March 2020 and the School District remained open to continue to support students and families in a variety of ways. Parents were given the choice to send their children back to school on a gradual and part-time basis beginning June 1, 2020 and full-time beginning September 1, 2020 with new health and safety guidelines. The ongoing impact of the pandemic presents uncertainty over future cash flows, may have a significant impact on future operations including decreases in revenue, impairment of receivables, reduction in investment income and delays in completing capital project work. As the situation is dynamic and the ultimate duration and magnitude of the impact are not known, an estimate of the future financial effect on the School District is not practicable at this time.

**NOTE 2            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a)    Basis of Accounting**

These financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act of the Province of British Columbia*. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except regarding the accounting for government transfers as set out in notes 2(e) and 2(k).

In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of restricted contributions whether they are received or receivable by the School District before or after this regulation was in effect.

As noted in notes 2(e) and 2(k), Section 23.1 of the *Budget Transparency and Accountability Act* and its related regulations require the School District to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue.

**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.

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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**NOTE 2            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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(k).

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.

**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, 2019 and projected to March 31, 2022. The next valuation will be performed at March 31, 2022 for use at June 30, 2022. 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.

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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**NOTE 2            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g) 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.

**h) 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.
- Works 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

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i)    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.

**j)    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.

**k)    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 must 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.

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l) Expenses**

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

Categories of Salaries

- Principals, Vice-Principals, and Directors of Instruction employed under an administrative officer contract are categorized as Principals and Vice-Principals.
- Superintendents, Assistant Superintendents, Secretary-Treasurers, Trustees and other employees excluded from union contracts are categorized as Other Professionals.

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.

**m) 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 the fair value of financial instruments are recognized in the Statement of Re-measurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Statement of Re-measurement Gains and Losses and recognized in the Statement of Operations. Interest and dividends attributable to financial instruments are reported in the Statement of Operations.

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.

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n) 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. Actual results could differ from those estimates.

**o) Future Changes in Accounting Policies**

*PS 3280 Asset Retirement Obligations* issued August 2018 establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective July 1, 2022. A liability will be recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

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.

A modified retroactive application has been recommended by Government. Management is in the process of assessing the impact of adopting this standard on the School District's financial results.

*PS 3400 Revenue* issued November 2018 establishes standards on how to account for and report on revenue and is effective July 1, 2023. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

Revenue from transactions with performance obligations should be recognized when (or as) the School District satisfies a performance obligation by providing the promised goods or services to a payer.

Revenue from transactions with no performance obligations should be recognized when a school district:

- (a) has the authority to claim or retain an inflow of economic resources; and
- (b) Identifies a past transaction or event that gives rise to an asset.

This standard may be applied retroactively or prospectively. Management is in the process of assessing the impact of adopting this standard on the School District's financial results.

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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**NOTE 3            ACCOUNTS RECEIVABLE**

	<b>2021</b>	<b>2020</b>
Due from Province		
Ministry of Education (OLEP French)	\$ <b>42,028</b>	\$    44,774
Ministry of Education (Bylaw Projects)	<b>260,702</b>	4,406,937
Ministry of Education (Annual Facility Grant)	<b>338,789</b>	457,917
Ministry of Education Classroom Enhancement Fund - Remedies	<u>57,455</u>	-
	<b>\$    698,974</b>	<b>\$ 4,909,628</b>

**NOTE 4            ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2021</b>	<b>2020</b>
Accounts Payable Other		
Trade payables	\$ <b>5,237,123</b>	\$ 13,099,765
Employee Vacation Payable	<b>421,333</b>	443,067
Salaries and Benefits Payable	<u>2,639,172</u>	<u>2,334,822</u>
	<b>\$   8,297,628</b>	<b>\$ 15,877,654</b>

**NOTE 5            UNEARNED REVENUE**

	<b>2021</b>	<b>2020</b>
<b>Balance, beginning of year</b>	<b>\$   1,651,089</b>	<b>\$   2,863,174</b>
Changes for the year:		
Increase:		
Tuition fees collected	<u>1,527,821</u>	1,651,089
	<b>3,178,910</b>	4,514,263
Decrease:		
Tuition fee revenue recognized	<u>1,651,089</u>	2,863,174
<b>Balance, end of year</b>	<b>\$   1,527,821</b>	<b>\$   1,651,089</b>

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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**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.

	<b>2021</b>	2020
<b>Balance, beginning of year</b>	<b>\$ 1,434,242</b>	\$ 2,446,324
Increases:		
Provincial Grants - Ministry of Education	11,739,493	8,315,653
Provincial Grants – Other	91,400	-
Other Revenue	853,652	1,436,762
	<b>12,684,545</b>	9,752,415
Decreases:		
Allocated to Revenue	12,779,966	10,694,723
Recovered	38,737	69,774
Net Change for the year	<b>(134,158)</b>	(1,012,082)
<b>Balance, end of year</b>	<b>\$ 1,300,084</b>	\$ 1,434,242

**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.

	<b>2021</b>	2020
<b>Balance, beginning of year</b>	<b>\$ 163,296,804</b>	\$118,413,076
Increases:		
Provincial Grant - Ministry of Education	23,633,017	45,389,955
Provincial Grants – Other	-	1,260,246
Other Revenue	1,406,071	473,256
Investment Income	55,470	104,795
	<b>25,094,558</b>	47,228,252
Decreases:		
Amortization	3,878,966	2,344,524
Net Change for the year	<b>21,215,592</b>	44,883,728
<b>Balance, end of year</b>	<b>\$ 184,512,396</b>	\$ 163,296,804

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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**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.

	<b>2021</b>	<b>2020</b>
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued Benefit Obligation – April 1	\$ 3,009,113	\$ 2,871,430
Service Cost	248,589	234,792
Interest Cost	70,864	74,708
Benefit Payments	(88,877)	(242,570)
Actuarial (Gain) Loss	(193,351)	70,753
<b>Accrued Benefit Obligation – March 31</b>	<b>\$ 3,046,338</b>	<b>\$ 3,009,113</b>
<b>Reconciliation of Funded Status at End of Fiscal Year</b>		
Accrued Benefit Obligation – March 31	\$ 3,046,338	\$ 3,009,113
Market Value of Plan Assets – March 31	-	-
Funded Status – Deficit	3,046,338	3,009,113
Employer Contribution after Measurement Date	(60,091)	(46,359)
Employer Expense after Measurement Date	81,574	79,863
Unamortized Net Actuarial (Gain) Loss	500,638	349,905
<b>Accrued Benefit Obligation – June 30</b>	<b>\$ 3,568,459</b>	<b>\$ 3,392,522</b>
<b>Accrued Benefit Liability -July 1</b>		
Accrued Benefit Liability - July 1	3,392,522	3,398,453
Net expense for Fiscal Year	278,546	262,939
Employer Payments	(102,609)	(268,870)
<b>Accrued Benefit Obligation – June 30</b>	<b>\$ 3,568,459</b>	<b>\$ 3,392,522</b>
<b>Components of Net Benefit Expense</b>		
Service Cost	\$ 248,111	\$ 238,241
Interest Cost	73,053	73,748
Amortization of Net Actuarial Gain	(42,618)	(49,050)
<b>Net Benefit Expense</b>	<b>\$ 278,546</b>	<b>\$ 262,939</b>
<b>Assumptions</b>		
Discount Rate – April 1	2.25 %	2.50%
Discount Rate – March 31	2.50 %	2.25%
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	11.0	11.0

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**NOTE 9 TANGIBLE CAPITAL ASSETS**

**Net Book Value:**

	<b>Net Book Value 2021</b>	Net Book Value 2020
Sites	<b>\$ 15,057,921</b>	\$ 15,057,921
Buildings	<b>166,806,600</b>	76,713,691
Buildings – work in progress	<b>15,643,374</b>	85,395,455
Furniture & Equipment	<b>3,445,519</b>	1,125,015
Vehicles	<b>88,419</b>	109,995
Computer Hardware	<b>2,034,566</b>	2,279,744
<b>Total</b>	<b>\$203,076,399</b>	\$ 180,681,821

**June 30, 2021**

Cost:	Opening balance	Additions	Disposals	Transfers (WIP)	Ending balance
Sites	\$ 15,057,921	\$ -	\$ -	\$ -	\$ 15,057,921
Buildings	118,175,868	13,608,945	(2,695,087)	80,472,107	209,561,833
Buildings–work in progress	85,395,455	10,720,026	-	(80,472,107)	15,643,374
Furniture & Equipment	1,702,396	2,628,866	(133,932)	-	4,197,330
Vehicles	192,622	-	(46,268)	-	146,354
Computer Hardware	3,774,996	632,883	(597,739)	-	3,810,140
<b>Total</b>	\$224,299,258	\$ 27,590,720	\$(3,473,026)	\$ -	\$ 248,416,952

Accumulated Amortization:	Opening balance	Additions	Disposals	Transfers (WIP)	Ending balance
Buildings	\$ 41,462,177	\$ 3,988,143	\$(2,695,087)	\$ -	\$ 42,755,233
Furniture & Equipment	577,381	308,362	(133,932)	-	751,811
Vehicles	82,627	21,576	(46,268)	-	57,935
Computer Hardware	1,495,252	878,061	(597,739)	-	1,775,574
<b>Total</b>	\$ 43,617,437	\$ 5,196,142	\$(3,473,026)	\$ -	\$ 45,340,553

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**NOTE 9 TANGIBLE CAPITAL ASSETS (Continued)**

**June 30, 2020**

Cost:	Opening balance	Additions	Disposals	Transfers (WIP)	Ending balance
Sites	\$ 15,057,921	\$ -	\$ -	\$ -	<b>\$ 15,057,921</b>
Buildings	109,403,037	1,775,052	-	6,997,779	<b>118,175,868</b>
Buildings—work in progress	48,050,166	44,343,068	-	(6,997,779)	<b>85,395,455</b>
Furniture & Equipment	1,547,866	167,479	(12,969)	-	<b>1,702,396</b>
Vehicles	280,615	-	(87,993)	-	<b>192,622</b>
Computer Hardware	3,344,161	653,742	(222,907)	-	<b>3,774,996</b>
<b>Total</b>	<b>\$ 177,683,786</b>	<b>\$ 46,939,341</b>	<b>\$ (323,869)</b>	<b>\$ -</b>	<b>\$ 224,299,258</b>

Accumulated Amortization:	Opening balance	Additions	Disposals	Transfers (WIP)	Ending balance
Buildings	\$ 38,995,974	\$ 2,466,203	\$ -	\$ -	<b>\$ 41,462,177</b>
Furniture & Equipment	435,561	154,789	(12,969)	-	<b>577,381</b>
Vehicles	142,558	28,062	(87,993)	-	<b>82,627</b>
Computer Hardware	1,049,327	668,832	(222,907)	-	<b>1,495,252</b>
<b>Total</b>	<b>\$ 40,623,420</b>	<b>\$ 3,317,886</b>	<b>\$ (323,869)</b>	<b>\$ -</b>	<b>\$ 43,617,437</b>

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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**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, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at December 31, 2020, the Teachers' Pension Plan has about 49,000 active members and approximately 40,000 retired members. As of December 31, 2020, the Municipal Pension Plan has about 220,000 active members, including approximately 28,000 from school districts.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and 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. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation of the Teachers' Pension Plan as at December 31, 2017 indicated a \$1,656 million surplus for basic pension benefits on a going concern basis. As a result of the 2017 basic account actuarial valuation surplus, plan enhancements and contribution rate adjustments were made; the remaining \$ 644 million surplus was transferred to the rate stabilization account.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The School District paid \$6,149,752 (2020 - \$6,199,613) for employer contributions to these plans in the year ended June 30, 2021.

The next valuation for the Teachers' Pension Plan will be as at December 31, 2020, with results available in the last quarter of 2021. The next valuation for the Municipal Pension Plan will be as at December 31, 2021, with results available in 2022.

Employers participating in the 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 for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

**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, 2021**

**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 23, 2021. The table below presents the Amended Annual Budget and the initial Annual Budget as submitted to the Ministry in June 2020.

	2021 Amended Annual Budget	Adjustment	2021 Annual Budget
School Age	6,581.250	(60.625)	6,641.875
Adult	205.313	46.313	159.000
Other	0	0	0
<b>Total Ministry Operating Grant Funded FTE's</b>	<b>6,786.563</b>	<b>(14.312)</b>	<b>6,800.875</b>
<b>Revenues</b>			
<b>Provincial Grants</b>			
Ministry of Educaton	\$78,751,344	5,833,763	\$72,917,581
Other	118,788	(43,212)	162,000
Tuition	1,758,240	399,850	1,358,390
Other Revenues	214,749	(1,998,884)	2,213,633
Rentals and Leases	169,667	(333)	170,000
Investment Income	245,000	(6,000)	251,000
Amortizaton of Deferred Captial Revenue	2,585,551	285,551	2,300,000
<b>Total Revenue</b>	<b>\$83,843,339</b>	<b>\$4,470,735</b>	<b>\$79,372,604</b>
<b>Expenses</b>			
Instructional	\$ 69,348,792	(2,416,764)	\$ 66,932,028
District Administration	3,317,825	112,878	3,430,703
Operations and Maintenance	10,526,437	(165,874)	10,360,563
Transportation and Housing	260,408	79,058	339,466
<b>Total Expenses</b>	<b>\$ 83,453,462</b>	<b>(2,390,702)</b>	<b>\$ 81,062,760</b>
<b>Net Revenue (Expense)</b>	<b>389,877</b>	<b>2,080,033</b>	<b>(1,690,156)</b>
<b>Budget Allocation (Retirement) of Surplus (Deficit)</b>	<b>\$115,068</b>	<b>(2,266,902)</b>	<b>\$2,381,970</b>
<b>Budget Surplus for year</b>	<b>504,945</b>	<b>(186,869)</b>	<b>691,814</b>
<b>Budget Surplus for the year comprised of</b>			
Operating Surplus			
Capital Fund Surplus (Deficit)	504,945	(186,869)	691,814
<b>Budget Surplus Deficit for the year</b>	<b>504,945</b>	<b>(186,869)</b>	<b>691,814</b>

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**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>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>
Heatherbrae-Builders	Sept 2022	12,153,607	3,038,402	-
Xerox Photocopiers	Dec 2025	89,947	89,947	89,947
Columbia Square Plaza	Aug 2022	232,091	-	-
Totals		<b><u>\$ 12,475,645</u></b>	<b><u>\$ 3,128,349</u></b>	<b><u>\$ 89,947</u></b>

**NOTE 14 EXPENSE BY OBJECT**

	<u>2021</u>	<u>2020</u>
Salaries and benefits	<b>\$ 71,658,184</b>	\$ 69,625,589
Services and supplies	<b>7,448,110</b>	8,367,383
Amortization	<b>5,196,142</b>	3,317,886
<b>Totals</b>	<b><u>\$ 84,302,436</u></b>	<b><u>\$ 81,310,858</u></b>

**NOTE 15 ACCUMULATED SURPLUS**

	<u>2021</u>	<u>2020</u>
Local Capital	<b>\$ 1,301,488</b>	\$ 2,284,057
Invested in Tangible Capital Assets	<b>23,893,462</b>	22,404,408
Internally restricted:		
School Surplus	<b>14,796</b>	28,832
Recap and Power Local Grants	<b>2,869</b>	2,635
Surplus Applied to 2021-2022 Budget	<b>2,181,391</b>	-
Surplus Applied to 2020-2021 Budget	<b>-</b>	1,381,970
Commitments Outstanding	<b>512,079</b>	328,074
Board Internally Restricted – Covid Emerging Issues	<b>-</b>	1,736,830
Covid Funds	<b>138,139</b>	-
Board Internally Restricted	<b>500,000</b>	500,000
Total Internally Restricted	<b><u>3,349,274</u></b>	3,978,341
Unrestricted Operating Surplus	<b>1,574,653</b>	-
<b>Total Accumulated Surplus, end of year</b>	<b><u>\$ 30,118,877</u></b>	<b><u>\$ 28,666,806</u></b>

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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**NOTE 16      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.

**NOTE 17      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.

**SCHOOL DISTRICT NO. 40 (NEW WESTMINSTER)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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**NOTE 17      RISK MANAGEMENT (Continued)**

d) Fair value of financial instruments:

Public Sector Accounting Standards define the fair value of financial instrument as the amount at which the instrument could be exchanged in current transaction between willing parties. The School District uses the following methods and assumptions to estimate the fair value of each class of financial instrument for which the carrying amounts are included in the Statement of Financial Position under the following captions:

- (i) Cash and cash equivalents, accounts receivable, investments, accounts payables and accrued liabilities- the carrying amounts approximate fair value because of the short maturity of the instruments.

The financial instruments measured at fair value held within each investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination. The different levels are defined as follows:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2: inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- (iii) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

The School District's instruments are all considered to be level 1 financial instruments for which the fair value is determined based on quoted prices in active markets. Changes in financial instruments valuation methods or in the availability of market observable inputs may result in a transfer between levels. During the year there were no significant transfers of securities between different levels.

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 18      CONTINGENT LIABILITIES**

In the normal course of business, lawsuits and claims may be brought against the School District. The School District defends against these lawsuits and claims. Management has not made provisions for any unexpected liabilities and believes that the ultimate results of any pending legal proceeding will not have a material effect on the financial position of the School District.

# School District No. 40 (New Westminster)

Schedule of Changes in Accumulated Surplus (Deficit) by Fund  
Year Ended June 30, 2021

	Operating Fund	Special Purpose Fund	Capital Fund	2021 Actual	2020 Actual
	\$	\$	\$	\$	\$
<b>Accumulated Surplus (Deficit), beginning of year</b>	3,978,341		24,688,465	<b>28,666,806</b>	27,496,901
<b>Changes for the year</b>					
Surplus (Deficit) for the year	1,694,979	1,032,088	(1,274,996)	<b>1,452,071</b>	1,169,905
Interfund Transfers					
Tangible Capital Assets Purchased	(749,393)	(1,032,088)	1,781,481	-	
<b>Net Changes for the year</b>	<b>945,586</b>	<b>-</b>	<b>506,485</b>	<b>1,452,071</b>	<b>1,169,905</b>
<b>Accumulated Surplus (Deficit), end of year - Statement 2</b>	<b>4,923,927</b>	<b>-</b>	<b>25,194,950</b>	<b>30,118,877</b>	28,666,806

# School District No. 40 (New Westminster)

Schedule 2 (Unaudited)

Schedule of Operating Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	66,089,588	<b>66,577,233</b>	64,426,708
Other	118,788	<b>69,159</b>	206,780
Tuition	1,758,240	<b>1,859,214</b>	3,597,541
Other Revenue	95,825	<b>90,743</b>	421,061
Rentals and Leases	169,667	<b>251,367</b>	207,144
Investment Income	230,000	<b>205,679</b>	362,525
<b>Total Revenue</b>	<u>68,462,108</u>	<u><b>69,053,395</b></u>	<u>69,221,759</u>
<b>Expenses</b>			
Instruction	57,609,406	<b>57,394,721</b>	57,182,594
District Administration	3,317,825	<b>3,211,128</b>	3,354,175
Operations and Maintenance	6,908,799	<b>6,517,724</b>	6,698,671
Transportation and Housing	241,146	<b>234,843</b>	283,623
<b>Total Expense</b>	<u>68,077,176</u>	<u><b>67,358,416</b></u>	<u>67,519,063</u>
<b>Operating Surplus (Deficit) for the year</b>	<u>384,932</u>	<u><b>1,694,979</b></u>	<u>1,702,696</u>
<b>Budgeted Appropriation (Retirement) of Surplus (Deficit)</b>	<u>115,068</u>		
<b>Net Transfers (to) from other funds</b>			
Tangible Capital Assets Purchased	(500,000)	<b>(749,393)</b>	(664,444)
Local Capital			(2,000,000)
<b>Total Net Transfers</b>	<u>(500,000)</u>	<u><b>(749,393)</b></u>	<u>(2,664,444)</u>
<b>Total Operating Surplus (Deficit), for the year</b>	<u>-</u>	<u><b>945,586</b></u>	<u>(961,748)</u>
<b>Operating Surplus (Deficit), beginning of year</b>		<b>3,978,341</b>	4,940,089
<b>Operating Surplus (Deficit), end of year</b>		<u><b>4,923,927</b></u>	<u>3,978,341</u>
<b>Operating Surplus (Deficit), end of year</b>			
Internally Restricted (Note 15)		<b>3,349,274</b>	3,978,341
Unrestricted		<b>1,574,653</b>	-
<b>Total Operating Surplus (Deficit), end of year</b>		<u><b>4,923,927</b></u>	<u>3,978,341</u>

# School District No. 40 (New Westminster)

Schedule 2A (Unaudited)

Schedule of Operating Revenue by Source

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
<b>Provincial Grants - Ministry of Education</b>			
Operating Grant, Ministry of Education	63,153,865	<b>63,378,473</b>	61,810,061
Other Ministry of Education Grants			
Pay Equity	521,853	<b>521,853</b>	521,853
Funding for Graduated Adults	344,860	<b>508,555</b>	344,860
Student Transportation Fund	6,073	<b>6,073</b>	6,073
Carbon Tax Grant			53,833
Employer Health Tax Grant			546,018
Support Staff Benefits Grant	-	<b>97,024</b>	46,704
Support Staff Wage Increase Funding			294,731
Teachers' Labour Settlement Funding	1,904,750	<b>1,904,750</b>	786,453
Early Career Mentorship Funding	150,000	<b>150,000</b>	
FSA Scorer Grant	8,187	<b>8,187</b>	8,187
Early Learning Framework	-	<b>2,318</b>	2,318
District Capacity Building			2,617
Equity Scan			3,000
<b>Total Provincial Grants - Ministry of Education</b>	<b>66,089,588</b>	<b>66,577,233</b>	64,426,708
<b>Provincial Grants - Other</b>	<b>118,788</b>	<b>69,159</b>	206,780
<b>Tuition</b>			
Summer School Fees	940	<b>1,026</b>	45,802
Continuing Education	32,000	<b>11,232</b>	33,428
International and Out of Province Students	1,725,300	<b>1,846,956</b>	3,518,311
<b>Total Tuition</b>	<b>1,758,240</b>	<b>1,859,214</b>	3,597,541
<b>Other Revenues</b>			
Miscellaneous			
Instructional Cafeteria Revenue	50,000	<b>59,013</b>	88,575
Miscellaneous	45,825	<b>31,730</b>	332,486
<b>Total Other Revenue</b>	<b>95,825</b>	<b>90,743</b>	421,061
<b>Rentals and Leases</b>	<b>169,667</b>	<b>251,367</b>	207,144
<b>Investment Income</b>	<b>230,000</b>	<b>205,679</b>	362,525
<b>Total Operating Revenue</b>	<b>68,462,108</b>	<b>69,053,395</b>	69,221,759

# School District No. 40 (New Westminster)

Schedule 2B (Unaudited)

Schedule of Operating Expense by Object

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
<b>Salaries</b>			
Teachers	30,443,251	<b>30,120,830</b>	30,060,862
Principals and Vice Principals	3,853,581	<b>4,012,931</b>	3,568,766
Educational Assistants	6,278,286	<b>6,567,369</b>	6,006,077
Support Staff	5,423,595	<b>5,419,447</b>	5,519,537
Other Professionals	2,786,344	<b>2,765,366</b>	2,709,636
Substitutes	1,552,231	<b>1,459,026</b>	1,683,758
<b>Total Salaries</b>	<b>50,337,288</b>	<b>50,344,969</b>	<b>49,548,636</b>
<b>Employee Benefits</b>	11,632,157	<b>11,762,333</b>	11,937,892
<b>Total Salaries and Benefits</b>	<b>61,969,445</b>	<b>62,107,302</b>	<b>61,486,528</b>
<b>Services and Supplies</b>			
Services	1,888,628	<b>1,754,169</b>	2,202,876
Student Transportation	75,007	<b>52,837</b>	111,815
Professional Development and Travel	447,461	<b>412,448</b>	396,269
Rentals and Leases	239,400	<b>254,442</b>	243,266
Dues and Fees	109,900	<b>76,566</b>	109,634
Insurance	124,026	<b>119,336</b>	108,972
Supplies	2,094,803	<b>1,458,701</b>	1,694,541
Utilities	1,128,506	<b>1,104,067</b>	1,108,437
Bad Debt	-	<b>18,548</b>	56,725
<b>Total Services and Supplies</b>	<b>6,107,731</b>	<b>5,251,114</b>	<b>6,032,535</b>
<b>Total Operating Expense</b>	<b>68,077,176</b>	<b>67,358,416</b>	<b>67,519,063</b>

# School District No. 40 (New Westminster)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2021

	Teachers Salaries	Principals and Vice Principals Salaries	Educational Assistants Salaries	Support Staff Salaries	Other Professionals Salaries	Substitutes Salaries	Total Salaries
	\$	\$	\$	\$	\$	\$	\$
<b>1 Instruction</b>							
1.02 Regular Instruction	25,198,435	1,302,257		191,291		801,986	27,493,969
1.03 Career Programs	301,328			143,503		1,622	446,453
1.07 Library Services	268,808			41,468		5,364	315,640
1.08 Counselling	532,019				44,279		576,298
1.10 Special Education	2,190,664		6,567,369	51,644	143,513	484,836	9,438,026
1.30 English Language Learning	989,539					6,771	996,310
1.31 Indigenous Education	117,687			165,815		865	284,367
1.41 School Administration		2,710,674		1,500,348	73,221	38,723	4,322,966
1.60 Summer School	98,737					1,294	100,031
1.61 Continuing Education	135,916			48,897		1,111	185,924
1.62 International and Out of Province Students	285,138			52,784	359,641		697,563
1.64 Other							-
<b>Total Function 1</b>	<b>30,118,271</b>	<b>4,012,931</b>	<b>6,567,369</b>	<b>2,195,750</b>	<b>620,654</b>	<b>1,342,572</b>	<b>44,857,547</b>
<b>4 District Administration</b>							
4.11 Educational Administration					525,379	700	526,079
4.40 School District Governance					247,710		247,710
4.41 Business Administration	2,559			460,453	934,251	33,398	1,430,661
<b>Total Function 4</b>	<b>2,559</b>	<b>-</b>	<b>-</b>	<b>460,453</b>	<b>1,707,340</b>	<b>34,098</b>	<b>2,204,450</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration				76,217	328,368		404,585
5.50 Maintenance Operations				2,289,962	109,004	73,732	2,472,698
5.52 Maintenance of Grounds				242,357		147	242,504
5.56 Utilities							-
<b>Total Function 5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,608,536</b>	<b>437,372</b>	<b>73,879</b>	<b>3,119,787</b>
<b>7 Transportation and Housing</b>							
7.70 Student Transportation				154,708		8,477	163,185
<b>Total Function 7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>154,708</b>	<b>-</b>	<b>8,477</b>	<b>163,185</b>
<b>9 Debt Services</b>							
<b>Total Function 9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Functions 1 - 9</b>	<b>30,120,830</b>	<b>4,012,931</b>	<b>6,567,369</b>	<b>5,419,447</b>	<b>2,765,366</b>	<b>1,459,026</b>	<b>50,344,969</b>

# School District No. 40 (New Westminster)

Schedule 2C (Unaudited)

Operating Expense by Function, Program and Object

Year Ended June 30, 2021

	Total Salaries	Employee Benefits	Total Salaries and Benefits	Services and Supplies	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$	\$	\$	\$	\$
<b>1 Instruction</b>							
1.02 Regular Instruction	27,493,969	6,303,192	33,797,161	1,551,767	35,348,928	35,730,266	34,575,213
1.03 Career Programs	446,453	107,590	554,043	78,826	632,869	621,677	701,243
1.07 Library Services	315,640	72,576	388,216	47,653	435,869	404,213	266,392
1.08 Counselling	576,298	124,646	700,944	3,681	704,625	754,056	553,826
1.10 Special Education	9,438,026	2,428,062	11,866,088	206,078	12,072,166	11,718,763	11,177,596
1.30 English Language Learning	996,310	218,138	1,214,448	6,009	1,220,457	1,232,702	988,699
1.31 Indigenous Education	284,367	130,621	414,988	10,091	425,079	388,110	418,696
1.41 School Administration	4,322,966	920,402	5,243,368	42,070	5,285,438	5,441,956	5,006,757
1.60 Summer School	100,031	20,863	120,894	538	121,432	127,751	174,432
1.61 Continuing Education	185,924	44,805	230,729		230,729	226,920	1,320,989
1.62 International and Out of Province Students	697,563	157,279	854,842	57,723	912,565	958,442	1,996,105
1.64 Other	-	-	-	4,564	4,564	4,550	2,646
<b>Total Function 1</b>	<b>44,857,547</b>	<b>10,528,174</b>	<b>55,385,721</b>	<b>2,009,000</b>	<b>57,394,721</b>	<b>57,609,406</b>	<b>57,182,594</b>
<b>4 District Administration</b>							
4.11 Educational Administration	526,079	102,350	628,429	206,107	834,536	849,881	895,163
4.40 School District Governance	247,710	26,445	274,155	55,792	329,947	338,453	330,353
4.41 Business Administration	1,430,661	288,414	1,719,075	327,570	2,046,645	2,129,491	2,128,659
<b>Total Function 4</b>	<b>2,204,450</b>	<b>417,209</b>	<b>2,621,659</b>	<b>589,469</b>	<b>3,211,128</b>	<b>3,317,825</b>	<b>3,354,175</b>
<b>5 Operations and Maintenance</b>							
5.41 Operations and Maintenance Administration	404,585	84,080	488,665	263,620	752,285	610,772	699,227
5.50 Maintenance Operations	2,472,698	644,326	3,117,024	1,275,454	4,392,478	4,465,806	4,604,085
5.52 Maintenance of Grounds	242,504	65,518	308,022	11,545	319,567	362,354	332,464
5.56 Utilities	-	-	-	1,053,394	1,053,394	1,469,867	1,062,895
<b>Total Function 5</b>	<b>3,119,787</b>	<b>793,924</b>	<b>3,913,711</b>	<b>2,604,013</b>	<b>6,517,724</b>	<b>6,908,799</b>	<b>6,698,671</b>
<b>7 Transportation and Housing</b>							
7.70 Student Transportation	163,185	23,026	186,211	48,632	234,843	241,146	283,623
<b>Total Function 7</b>	<b>163,185</b>	<b>23,026</b>	<b>186,211</b>	<b>48,632</b>	<b>234,843</b>	<b>241,146</b>	<b>283,623</b>
<b>9 Debt Services</b>							
<b>Total Function 9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Functions 1 - 9</b>	<b>50,344,969</b>	<b>11,762,333</b>	<b>62,107,302</b>	<b>5,251,114</b>	<b>67,358,416</b>	<b>68,077,176</b>	<b>67,519,063</b>

# School District No. 40 (New Westminster)

Schedule 3 (Unaudited)

Schedule of Special Purpose Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
<b>Revenues</b>			
Provincial Grants			
Ministry of Education	12,661,756	11,768,413	8,905,911
Other		84,792	
Other Revenue	90,258	926,761	1,788,812
<b>Total Revenue</b>	<u>12,752,014</u>	<u>12,779,966</u>	<u>10,694,723</u>
<b>Expenses</b>			
Instruction	11,739,386	10,828,802	10,458,851
District Administration		78,666	
Operations and Maintenance	15,058	840,410	15,058
<b>Total Expense</b>	<u>11,754,444</u>	<u>11,747,878</u>	<u>10,473,909</u>
<b>Special Purpose Surplus (Deficit) for the year</b>	<u>997,570</u>	<u>1,032,088</u>	<u>220,814</u>
<b>Net Transfers (to) from other funds</b>			
Tangible Capital Assets Purchased	(997,570)	(1,032,088)	(220,814)
<b>Total Net Transfers</b>	<u>(997,570)</u>	<u>(1,032,088)</u>	<u>(220,814)</u>
<b>Total Special Purpose Surplus (Deficit) for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Special Purpose Surplus (Deficit), beginning of year</b>			
<b>Special Purpose Surplus (Deficit), end of year</b>		<u>-</u>	<u>-</u>

**School District No. 40 (New Westminster)**

Changes in Special Purpose Funds and Expense by Object  
Year Ended June 30, 2021

	Annual Facility Grant	Learning Improvement Fund	Special Education Equipment	Scholarships and Bursaries	School Generated Funds	Strong Start	Ready, Set, Learn	OLEP	CommunityLINK
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Deferred Revenue, beginning of year</b>	-	-	20,899	398,141	914,561	-	21,305	21,051	-
<b>Add:</b> Restricted Grants									
Provincial Grants - Ministry of Education	235,872	227,646				96,000	19,600	141,940	1,550,170
Provincial Grants - Other				167,190	596,873				14,589
	235,872	227,646	-	167,190	596,873	96,000	19,600	141,940	1,564,759
<b>Less:</b> Allocated to Revenue Recovered	235,872	227,646	4,576	108,715	713,199	96,000	24,960	161,417	1,564,759
<b>Deferred Revenue, end of year</b>	-	-	<b>16,323</b>	<b>456,616</b>	<b>798,235</b>	-	<b>15,945</b>	<b>1,574</b>	-
<b>Revenues</b>									
Provincial Grants - Ministry of Education	235,872	227,646	4,576			96,000	24,960	161,417	1,550,170
Provincial Grants - Other				108,715	713,199				14,589
Other Revenue	235,872	227,646	4,576	108,715	713,199	96,000	24,960	161,417	1,564,759
<b>Expenses</b>									
Salaries									
Teachers								80,067	483,784
Principals and Vice Principals									
Educational Assistants		169,628							558,256
Support Staff						67,644			2,549
Other Professionals									75,091
Substitutes		12				234	1,580	525	7,168
	-	169,640	-	-	-	67,878	1,580	80,592	1,126,848
Employee Benefits		58,006				24,225	315	19,694	286,486
Services and Supplies	17,568		4,576	108,715	713,199	3,897	23,065	61,131	151,425
	17,568	227,646	4,576	108,715	713,199	96,000	24,960	161,417	1,564,759
<b>Net Revenue (Expense) before Interfund Transfers</b>	218,304	-	-	-	-	-	-	-	-
<b>Interfund Transfers</b>									
Tangible Capital Assets Purchased	(218,304)								
	(218,304)	-	-	-	-	-	-	-	-
<b>Net Revenue (Expense)</b>	-	-	-	-	-	-	-	-	-
<b>Additional Expenses funded by, and reported in, the Operating Fund</b>		50,869				6,378			12,213

**School District No. 40 (New Westminster)**

Changes in Special Purpose Funds and Expense by Object  
Year Ended June 30, 2021

	Classroom Enhancement Fund - Overhead	Classroom Enhancement Fund - Staffing	Classroom Enhancement Fund - Remedies	Mental Health in Schools	Safe Return to School Grant	Federal Safe Return to Class Fund	Apprentice Program	United Way	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Deferred Revenue, beginning of year</b>	-	-	38,737	4,290	-	-	-	15,258	1,434,242
<b>Add:</b> Restricted Grants									
Provincial Grants - Ministry of Education	373,060	5,645,804	170,675	52,000	488,210	2,738,516			11,739,493
Provincial Grants - Other							91,400		91,400
Other								75,000	853,652
	373,060	5,645,804	170,675	52,000	488,210	2,738,516	91,400	75,000	12,684,545
<b>Less:</b> Allocated to Revenue	373,060	5,645,804	170,675	51,507	488,210	2,738,516	84,792	90,258	12,779,966
Recovered			38,737						38,737
<b>Deferred Revenue, end of year</b>	-	-	-	4,783	-	-	6,608	-	1,300,084
<b>Revenues</b>									
Provincial Grants - Ministry of Education	373,060	5,645,804	170,675	51,507	488,210	2,738,516			11,768,413
Provincial Grants - Other							84,792		84,792
Other Revenue								90,258	926,761
	373,060	5,645,804	170,675	51,507	488,210	2,738,516	84,792	90,258	12,779,966
<b>Expenses</b>									
Salaries									
Teachers		4,613,708		20,804		891,597	38,137		6,128,097
Principals and Vice Principals	24,000					25,273			49,273
Educational Assistants						16,906			744,790
Support Staff	151,869				222,556	91,933			536,551
Other Professionals								75,264	150,355
Substitutes	106,812	2,817	3,394		6,994	20,852			150,388
	282,681	4,616,525	3,394	20,804	229,550	1,046,561	38,137	75,264	7,759,454
Employee Benefits	59,956	1,029,279	694	4,890	50,415	234,029	8,445	14,994	1,791,428
Services and Supplies	30,423		166,587	25,813	182,559	671,412	36,626		2,196,996
	373,060	5,645,804	170,675	51,507	462,524	1,952,002	83,208	90,258	11,747,878
<b>Net Revenue (Expense) before Interfund Transfers</b>	-	-	-	-	25,686	786,514	1,584	-	1,032,088
<b>Interfund Transfers</b>									
Tangible Capital Assets Purchased					(25,686)	(786,514)	(1,584)		(1,032,088)
	-	-	-	-	(25,686)	(786,514)	(1,584)	-	(1,032,088)
<b>Net Revenue (Expense)</b>	-	-	-	-	-	-	-	-	-
<b>Additional Expenses funded by, and reported in, the Operating Fund</b>								2,165	71,625

# School District No. 40 (New Westminster)

Schedule 4 (Unaudited)

Schedule of Capital Operations

Year Ended June 30, 2021

	2021 Budget	2021 Actual			2020 Actual
		Invested in Tangible Capital Assets	Local Capital	Fund Balance	
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Other Revenue	28,666		28,666	28,666	203,366
Investment Income	15,000		13,514	13,514	16,391
Amortization of Deferred Capital Revenue	2,585,551	3,878,966		3,878,966	2,344,524
<b>Total Revenue</b>	<b>2,629,217</b>	<b>3,878,966</b>	<b>42,180</b>	<b>3,921,146</b>	<b>2,564,281</b>
<b>Expenses</b>					
Amortization of Tangible Capital Assets					
Operations and Maintenance	3,602,580	5,174,575		5,174,575	3,289,824
Transportation and Housing	19,262	21,567		21,567	28,062
<b>Total Expense</b>	<b>3,621,842</b>	<b>5,196,142</b>	<b>-</b>	<b>5,196,142</b>	<b>3,317,886</b>
<b>Capital Surplus (Deficit) for the year</b>	<b>(992,625)</b>	<b>(1,317,176)</b>	<b>42,180</b>	<b>(1,274,996)</b>	<b>(753,605)</b>
<b>Net Transfers (to) from other funds</b>					
Tangible Capital Assets Purchased	1,497,570	1,781,481		1,781,481	885,258
Local Capital				-	2,000,000
<b>Total Net Transfers</b>	<b>1,497,570</b>	<b>1,781,481</b>	<b>-</b>	<b>1,781,481</b>	<b>2,885,258</b>
<b>Other Adjustments to Fund Balances</b>					
Tangible Capital Assets Purchased from Local Capital		24,749	(24,749)	-	
Tangible Capital Assets WIP Purchased from Local Capital		1,000,000	(1,000,000)	-	
<b>Total Other Adjustments to Fund Balances</b>		<b>1,024,749</b>	<b>(1,024,749)</b>	<b>-</b>	
<b>Total Capital Surplus (Deficit) for the year</b>	<b>504,945</b>	<b>1,489,054</b>	<b>(982,569)</b>	<b>506,485</b>	<b>2,131,653</b>
<b>Capital Surplus (Deficit), beginning of year</b>		<b>22,404,408</b>	<b>2,284,057</b>	<b>24,688,465</b>	<b>22,556,812</b>
<b>Capital Surplus (Deficit), end of year</b>		<b>23,893,462</b>	<b>1,301,488</b>	<b>25,194,950</b>	<b>24,688,465</b>

**School District No. 40 (New Westminster)**

Tangible Capital Assets  
Year Ended June 30, 2021

	Sites	Buildings	Furniture and Equipment	Vehicles	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost, beginning of year</b>	15,057,921	118,175,868	1,702,046	192,622	-	3,774,996	<b>138,903,453</b>
<b>Changes for the Year</b>							
Increase:							
Purchases from:							
Deferred Capital Revenue - Bylaw		13,051,259	1,990,818				<b>15,042,077</b>
Deferred Capital Revenue - Other			22,387				<b>22,387</b>
Operating Fund			563,642			185,751	<b>749,393</b>
Special Purpose Funds		557,686	27,270			447,132	<b>1,032,088</b>
Local Capital			24,749				<b>24,749</b>
Transferred from Work in Progress		80,472,107	350				<b>80,472,457</b>
	-	94,081,052	2,629,216	-	-	632,883	<b>97,343,151</b>
Decrease:							
Deemed Disposals			133,932	46,268		597,739	<b>777,939</b>
Written-off/down During Year		2,695,087					<b>2,695,087</b>
	-	2,695,087	133,932	46,268	-	597,739	<b>3,473,026</b>
<b>Cost, end of year</b>	15,057,921	209,561,833	4,197,330	146,354	-	3,810,140	<b>232,773,578</b>
<b>Work in Progress, end of year</b>		15,643,374					<b>15,643,374</b>
<b>Cost and Work in Progress, end of year</b>	15,057,921	225,205,207	4,197,330	146,354	-	3,810,140	<b>248,416,952</b>
<b>Accumulated Amortization, beginning of year</b>		41,462,177	577,381	82,627		1,495,252	<b>43,617,437</b>
<b>Changes for the Year</b>							
Increase: Amortization for the Year		3,988,143	308,362	21,576		878,061	<b>5,196,142</b>
Decrease:							
Deemed Disposals			133,932	46,268		597,739	<b>777,939</b>
Written-off During Year		2,695,087					<b>2,695,087</b>
		2,695,087	133,932	46,268	-	597,739	<b>3,473,026</b>
<b>Accumulated Amortization, end of year</b>		42,755,233	751,811	57,935	-	1,775,574	<b>45,340,553</b>
<b>Tangible Capital Assets - Net</b>	<b>15,057,921</b>	<b>182,449,974</b>	<b>3,445,519</b>	<b>88,419</b>	<b>-</b>	<b>2,034,566</b>	<b>203,076,399</b>

# School District No. 40 (New Westminster)

Schedule 4B (Unaudited)

Tangible Capital Assets - Work in Progress

Year Ended June 30, 2021

	Buildings	Furniture and Equipment	Computer Software	Computer Hardware	Total
	\$	\$	\$	\$	\$
<b>Work in Progress, beginning of year</b>	85,395,455	350			<b>85,395,805</b>
<b>Changes for the Year</b>					
Increase:					
Deferred Capital Revenue - Bylaw	9,641,377				9,641,377
Deferred Capital Revenue - Other	78,649				78,649
Local Capital	1,000,000				1,000,000
	<u>10,720,026</u>	-	-	-	<u>10,720,026</u>
Decrease:					
Transferred to Tangible Capital Assets	80,472,107	350			80,472,457
	<u>80,472,107</u>	<u>350</u>	-	-	<u>80,472,457</u>
<b>Net Changes for the Year</b>	<u>(69,752,081)</u>	<u>(350)</u>	-	-	<u>(69,752,431)</u>
<b>Work in Progress, end of year</b>	<u><b>15,643,374</b></u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>15,643,374</b></u>

# School District No. 40 (New Westminster)

Schedule 4C (Unaudited)

Deferred Capital Revenue

Year Ended June 30, 2021

	Bylaw Capital	Other Provincial	Other Capital	Total Capital
	\$	\$	\$	\$
<b>Deferred Capital Revenue, beginning of year</b>	72,634,086	130,719	123,201	<b>72,888,006</b>
<b>Changes for the Year</b>				
Increase:				
Transferred from Deferred Revenue - Capital Additions	15,042,077	22,387		<b>15,064,464</b>
Transferred from Work in Progress	78,464,410	2,008,047		<b>80,472,457</b>
	<u>93,506,487</u>	<u>2,030,434</u>	<u>-</u>	<b><u>95,536,921</u></b>
Decrease:				
Amortization of Deferred Capital Revenue	3,859,457	16,011	3,498	<b>3,878,966</b>
	<u>3,859,457</u>	<u>16,011</u>	<u>3,498</u>	<b><u>3,878,966</u></b>
<b>Net Changes for the Year</b>	<u>89,647,030</u>	<u>2,014,423</u>	<u>(3,498)</u>	<b><u>91,657,955</u></b>
<b>Deferred Capital Revenue, end of year</b>	<u>162,281,116</u>	<u>2,145,142</u>	<u>119,703</u>	<b><u>164,545,961</u></b>
<b>Work in Progress, beginning of year</b>	83,327,282	2,008,047	60,471	<b>85,395,800</b>
<b>Changes for the Year</b>				
Increase:				
Transferred from Deferred Revenue - Work in Progress	9,641,377		78,649	<b>9,720,026</b>
	<u>9,641,377</u>	<u>-</u>	<u>78,649</u>	<b><u>9,720,026</u></b>
Decrease:				
Transferred to Deferred Capital Revenue	78,464,410	2,008,047		<b>80,472,457</b>
	<u>78,464,410</u>	<u>2,008,047</u>	<u>-</u>	<b><u>80,472,457</u></b>
<b>Net Changes for the Year</b>	<u>(68,823,033)</u>	<u>(2,008,047)</u>	<u>78,649</u>	<b><u>(70,752,431)</u></b>
<b>Work in Progress, end of year</b>	<u>14,504,249</u>	<u>-</u>	<u>139,120</u>	<b><u>14,643,369</u></b>
<b>Total Deferred Capital Revenue, end of year</b>	<u><b>176,785,365</b></u>	<u><b>2,145,142</b></u>	<u><b>258,823</b></u>	<u><b>179,189,330</b></u>

# School District No. 40 (New Westminster)

Schedule 4D (Unaudited)

Changes in Unspent Deferred Capital Revenue

Year Ended June 30, 2021

	Bylaw Capital	MEd Restricted Capital	Other Provincial Capital	Land Capital	Other Capital	Total
	\$	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	1,021,863	8,819	1,282,634	2,699,682	-	<b>5,012,998</b>
<b>Changes for the Year</b>						
Increase:						
Provincial Grants - Ministry of Education	23,633,017					<b>23,633,017</b>
Other				582,814	823,257	<b>1,406,071</b>
Investment Income	32,865			22,605		<b>55,470</b>
Transfer project surplus to MEd Restricted (from) Bylaw	(4,291)	4,291				<b>-</b>
	<u>23,661,591</u>	<u>4,291</u>	<u>-</u>	<u>605,419</u>	<u>823,257</u>	<u><b>25,094,558</b></u>
Decrease:						
Transferred to DCR - Capital Additions	15,042,077		22,387			<b>15,064,464</b>
Transferred to DCR - Work in Progress	9,641,377				78,649	<b>9,720,026</b>
	<u>24,683,454</u>	<u>-</u>	<u>22,387</u>	<u>-</u>	<u>78,649</u>	<u><b>24,784,490</b></u>
<b>Net Changes for the Year</b>	<u>(1,021,863)</u>	<u>4,291</u>	<u>(22,387)</u>	<u>605,419</u>	<u>744,608</u>	<u><b>310,068</b></u>
<b>Balance, end of year</b>	<u>-</u>	<u><b>13,110</b></u>	<u><b>1,260,247</b></u>	<u><b>3,305,101</b></u>	<u><b>744,608</b></u>	<u><b>5,323,066</b></u>

## PROJECT STATUS REPORT

Project	Project Name Skwo:wech Replacement	Project Description	Construction of new building and demolition of existing	Project Dashboard			
				Green: As planned Yellow: Corrective Action Being Taken Red: Executive Attention Required			
Date	Sept. 8	Year	2021	Scope		Budget	
Prepared By	Karen Hearn			Schedule		Issues	

### Project Status

**Brief paragraph describing the status of the project, milestones achieved and not reached. Major upcoming milestones.**

*Project is in the construction stage.*

*Since the June report the following major milestones were achieved:*

- *Completion of mechanical and electrical rough in on all levels*
- *Completion of steel stud installation on all levels*
- *Installation of drywall on levels one and 2 complete and level 3 underway*
- *Painting of drywall completed on level 1 and proceeding for level 2*
- *Excavation of the basketball court adjacent to School Street completed and installation of underground services*
- *Installation of windows underway*
- *Exterior framing completed*
- *Tiling in washrooms underway*
- *Backfilled the upper parking area*
- *Gym equipment such as basketball hoops ordered*
- *Majority of furniture for the new school has been ordered*

#### **Upcoming major milestones**

- *Completion of the installation of the exterior cladding*
- *Polishing of the concrete floors*
- *Connection of the electrical service to the new building*
- *Installation of sidewalks on level 3*

### Project Scope

**Changes to the original scope or key assumptions which may have a material impact on schedule, budget, or project outcome.**

1. *Increase of building size to accommodate siting on the property. The school portion of the building is 3,765 m2. Total space for the Child Care is 435 m2 with the Childcare funding being provided from the Ministry of Children and Family Development and the City of New Westminster.*

## PROJECT STATUS REPORT

### Project Schedule

**Highlight any important changes or risks to the project timelines.**

*The previously planned opening of the new school for September 2021 is no longer viable. The General Contractor has identified the potential for opening December 2021 or January 2022 though they are aiming to meet December 2021 with demolition of the existing school and full completion of the project changed from June to September 2022. The General Contractor has identified they are working to advance the schedule for an earlier completion if possible. COVID-19 creates additional caution as the availability of supplies and trades is being impacted by the pandemic.*

*The availability of materials is putting further jeopardy to the project schedule though the General Contractor has been working closely with sub-trades to minimize the risk and with the design team to find alternate products when availability of the originally specified product is not viable. The General Contractor has identified that as of September 15<sup>th</sup> they will identify any further material supply issues for discussion with School District representatives and the Design team to further strategize what can be done so that the items do not impact the ability to meet the schedule.*

*The following table provides further detail regarding the project schedule.*

Task	Completed by	Status Sept. 8/21
Phase one – new school		
Excavation, shoring, micro piling, formwork for foundation	Last week August 2020	Complete
Slab on grade	Mid-September 2020	Complete
Steel structure including decking	1 <sup>st</sup> week of March 2021	Complete
Roof	2 <sup>nd</sup> week April 2021	Complete
Exterior windows and exterior building envelope	Last week August 2021	Mid October
Interior finishes	2 <sup>nd</sup> week December 2021	As planned
Occupancy	Mid December 2021	As planned
Phase two – demolition & completion of landscaping		
Demolition	Mid-April 2022	As planned
Completion of Landscaping	End of August 2022	As planned

### Project Budget

**Changes to overall budget and approx. % over or under budget.**

*The project budget has been revised based upon the bid price. The revised project budget is \$34,984,643. Earlier in the project Change Orders were exceeding expectation for the point in the project. Work with the General Contractor and consultants has resulted in cost savings*

*At this time, the project is projected to be within the revised project budget of \$34,984,643.*

## PROJECT STATUS REPORT

### Major Risks

Comments provided for September, October, November 2020, January, and May 2021 regarding Risks are included in *red italics*. A new comment for September 2021 is in *blue italics*.

#### As identified in the Funding Agreement:

1. *Unexpected Soil & Ground Conditions – while there have been unexpected soil & ground conditions to date these have not resulted in significant impact to the project. For the Phase 1 (new school) portion of the project this risk is decreasing. The main water line serving the school was hit by an excavator on November 4<sup>th</sup> causing a shut down of water service to the School. The service was restored in less than 1.5 hours.*
2. *Hazmat - A small amount of abandoned asbestos containing underground pipe was discovered and removal and remediation completed at a cost of less than \$3,500.*
3. *Additional City Requirements - With the Building Permit in place this risk is decreased. There were some additional requirements.*
4. *Post Completion Audit*
5. *Escalation With the contract in place this risk has been eliminated. Change order pricing for required changes will potentially be impacted by the rising costs. Efforts continue to minimize change orders.*

#### Additional major risks include:

- *Safety – construction vehicle access as well as construction site strategies to minimize danger to students and community. With classes underway the Site Superintendent and School Principal have been working together to ensure deliveries of materials do not impact arrivals and departures of students and to ensure parents are not providing drop off via car on Archer Street. A potential issue of ice build-up on Archer Street near the storm drain was identified by the School Principal and the General Contractor agreed to make changes to their water discharge to eliminate the risk.*
- *Neighbours concerns regarding construction disruption - To date there have been few complaints and no substantive concerns.*
- *Quality – ensuring competent contractor, design team, project manager The General Contractor and consultants have been responsive in a timely manner and providing quality service including detailed field reviews by consultants and the project manager.*
- *Timing of approvals – ensuring adequate time in the project schedule for approvals balanced with timely response While the approval to award the tender and receipt of permits from the City was slower than anticipated these milestones have been achieved. Change order responses are completed quickly to ensure the project schedule is not impacted.*
- *COVID-19 and impact on availability and timing for supply deliveries and availability of trades personnel The General Contractor is anticipating long lead time items and ordering/stock piling in advance as able. The General Contractor is working with subtrades and the design team to find alternate products as required. An update of items still creating issues will be provided September 15<sup>th</sup> for School District representatives review, strategizing and input.*

A Risk Management Plan for the project has been prepared and reviewed with the Steering Committee. The committee regularly review the risks and strategies in place to manage the risks.

### Issues

Significant issues or risks that should be brought to the attention of the Project Committee. These include issues being managed by the project team and issues which need to be escalated for Executive intervention.

- *The availability of materials to complete the project is being managed, though continues to be a significant risk.*

## PROJECT STATUS REPORT



Courtyard facing North

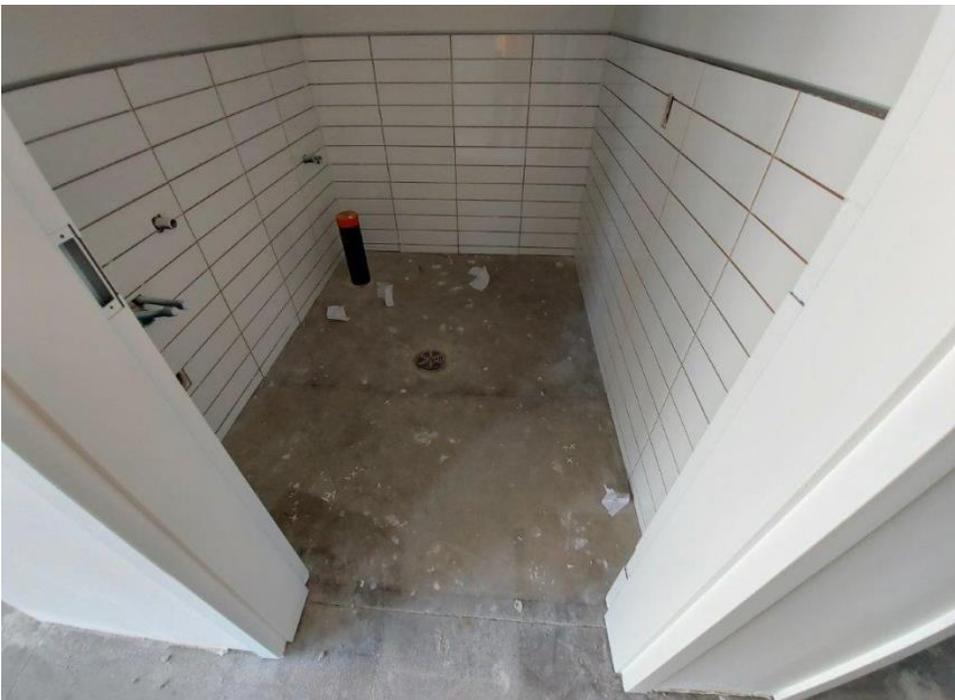


Former Basketball Court facing School Street

## PROJECT STATUS REPORT



Gym



Washroom Tiling

## PROJECT STATUS REPORT



Window Installation

## Capital Projects, Operations and Planning

Significant work has been undertaken this summer to prepare for the upcoming school year. Some work has been completed over the summer and some work will be still going on. Here are some highlights:

1. Queensborough Middle School mechanical will be delayed due to COVID supply issues in the purchase of 3 roof-top air handlers. Our contractor will still proceed with the work and we are hoping to install over Christmas break or Spring Break.
2. Lord Tweedsmuir Elementary building envelope upgrade - This was the first phase of two to replace all windows and new cladding on the building. We have completed upgrades on more than half of the building in the first phase, the second phase will be completed next year over the summer to reduce disruption, and once funding is received.
3. Queen Elizabeth Elementary - we have completed the move of 7 portables and 2 wash carts in preparation for the new school expansion. We had to install poles for power, install new water lines and sewer line and completed connections for all the new walkways, as well as prepared the sites for seismic load. Fire, intrusion and PA systems have also been installed.
4. The portables were placed at QayQayt to assist with the enrolment growth in the district. In addition, we have also added 16 parking to facilitate the growth in staff as a result of more students. We also added a new walkway from Royal Ave with gates and crosswalk to enhance student safety in accessing the back of the school.
5. Lord Kelvin Elementary and Herbert Spencer Elementary portables (1 at each site) have been added due to enrolment growth.
6. Herbert Spencer Elementary old playground has been removed and the new accessible one has been installed.
7. The NLC spaces at NWSS are nearing completion and the furniture has been ordered and placed.
8. All of our 9 modular have been updated with ESC controls and now all of our district has been changed over to ESC Controls.
9. Glenbrook Middle School we have replaced the front class doors.
10. EV Chargers has been installed at select sites in support of climate action initiatives.

In addition, a new facilities booking system was implemented in time for the start of the school year. We are allowing rentals within our schools as of September 7<sup>th</sup>.

## Finance

Over the summer, we closed our 2020-21 year end and KPMG, LLP completed the year end audit of our financial records. They will be presenting their findings during the operations policy and planning meeting.

Also over the summer, the team undertook a GL restructuring to make budgets and accounts more meaningful and dynamic.

## Ministry & Other Submissions: July/August 2021

Submitted to:	Description	Date
Ministry of Education	Annual Facility Grant	June 30, 2021
Ministry of Education	2020/21 Classroom Enhancement Fund - Year-end Reporting	July 16, 2021
Ministry of Education	COVID-19 year end reporting (Federal and Provincial)	July 16, 2021
Ministry of Education	2022-23 Capital Planning - Major Projects Due July 31; Minor Projects Due September 30, 2021	July 31, 2021 September 30, 2021
Ministry of Education	Operating Grant holdback reporting	July 31, 2021



Supplement to: **OPERATIONS POLICY AND PLANNING COMMITTEE MEETING**

Date: September 14, 2021

Submitted by: Bettina Ketcham, Secretary-Treasurer

Item: Requiring Action Yes  No  For Information

Subject: 2022-23 Minor Capital Plan Submission

**Background:**

The process at the Ministry has changed whereby the submission for capital projects is staggered. The Minor capital projects are due for submission on September 30, 2021. Within the Minor capital program funding envelope, the following are the categories for which our district has submitted requests:

- School Enhancement Program (SEP)
- Carbon Neutral Capital Program (CNCP)
- Playground Equipment Program (PEP)

The following are the request staff are recommending be submitted in the current year for consideration in the 2022-23 approval cycle:

**School Enhancement Program**

- 1) Lord Tweedsmuir – Exterior wall system \$1,700,000  
This is the second phase of work that picks up from the first phase that we started over this past summer. The work entails replacing all the windows and siding of the school. A seismic upgrade was completed in 2019 and the exterior systems are the final remaining piece of work to refresh the entire site.
- 2) Queensborough Middle School – Roof replacement \$530,000  
The District is requesting \$530,000 for a roof replacement of the school due to the wear of tear. The roof insulation will also be replaced and the insulation increased to make the building more energy efficient.
- 3) Queen Elizabeth Elementary School – Replacement of air handling unit \$480,000  
Replacement of the roof-top air handling unit for the existing school. The upgrades will align with the new expansion of the school to create a synched cycle for renewal.



- 4) Herbert Spencer Elementary School – HVAC \$450,000  
Radiant panels will be installed which replace the existing duct reheat coils making the system more efficient.
- 5) Glenbrook Middle School – HVAC \$500,000  
Radiant panels will be installed which replace the existing duct reheat coils making the system more efficient.

**Carbon Neutral Capital Program**

The district is seeking approval of 5 sites to install air source heat pumps which rely on electricity, rather than gas, which will reduce our greenhouse gas emissions. The following represent the five sites and each request is \$500,000.

- 1) Glenbrook Middle School
- 2) Queen Elizabeth Elementary School
- 3) Herbert Spencer Elementary School
- 4) FW Howay Elementary School
- 5) Lord Kelvin Elementary School

**Playground Equipment Program**

This fund allows for the replacement of existing playgrounds that are aged and require a refresh. The following are the requests submitted in priority order:

- 1) Skwo:wech Elementary
- 2) Lord Tweedsmuir Elementary
- 3) Lord Kelvin Elementary

Each playground is universally accessible and allocated \$165,000 in funding.

**To summarize:**

School Enhancement Program (SEP)	\$3,660,000
Carbon Neutral Capital Program (CNCP)	\$2,500,000
Playground Equipment Program (PEP)	<u>\$ 495,000</u>
<b>TOTAL MINOR CAPITAL PROJECT REQUESTS</b>	<b>\$6,655,000</b>

**Recommendation:**

***THAT the Operations Policy and Planning Committee recommend to the Board of Education of School District No. 40 (New Westminster) approve the 2022-23 Minor Capital Plan Submission as presented for submission to the Ministry of Education.***