

Financial Statement Discussion and Analysis

2022-2023



New
Westminster
Schools

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INTRODUCTION

The following Financial Statement Discussion and Analysis should be read in conjunction with the audited financial statements and accompanying notes of School District No. 40 (New Westminster) (the “District”) for the year ended June 30, 2023.

The purpose of the Financial Statement Discussion and Analysis is to summarize the financial performance of the District for the year ended June 30, 2023, and provide explanations that enhance the reader’s understanding of the District’s financial statements.

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

The financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

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

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



DISTRICT OVERVIEW

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

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

A wide range of programs and services are delivered to approximately 7,300 students through:

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

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



OUR VISION, MISSION AND VALUES

VISION

A place where students love to learn

MISSION

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

VALUES

Collaboration

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

Engagement

- ✓ Meaningful, purposeful, and relevant learning

Equity

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

Inclusion

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

Innovation

- ✓ Curiosity, inquiry, and creativity

Integrity

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

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

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

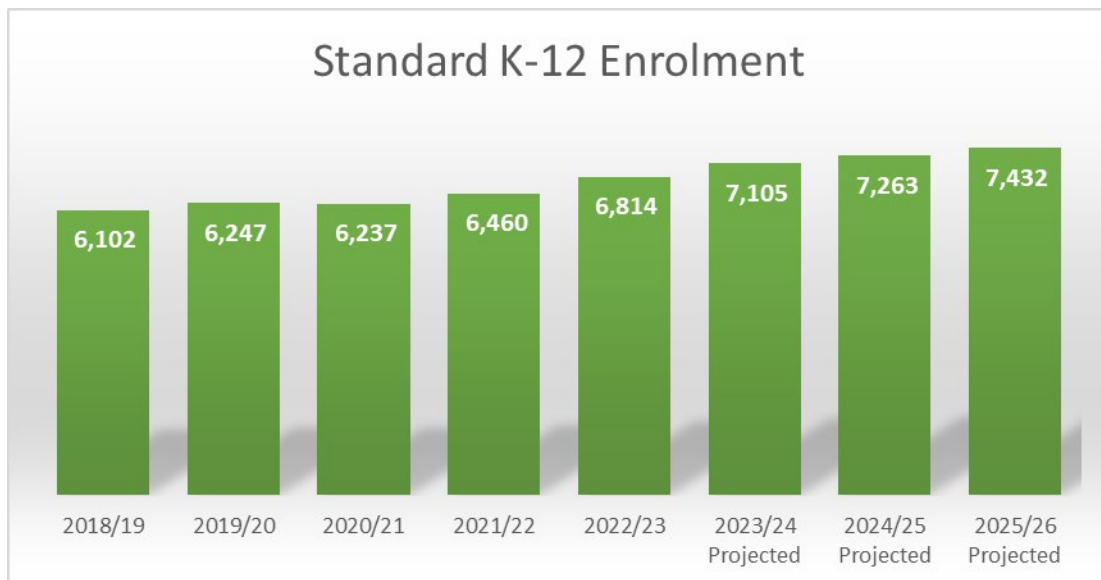


ENROLMENT

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

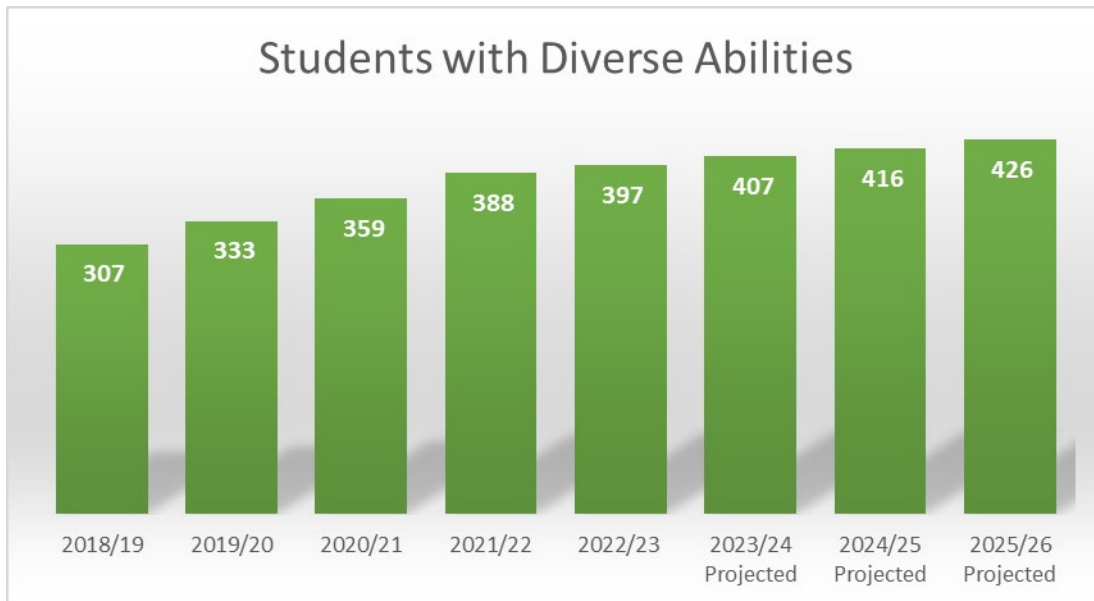
District staffing levels are driven directly by student enrolment. Since salaries and benefits make up approximately 92% of District operating expenses, reliable enrolment data is essential for financial planning. Each year the District completes an analysis of historical enrolment and student retention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

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



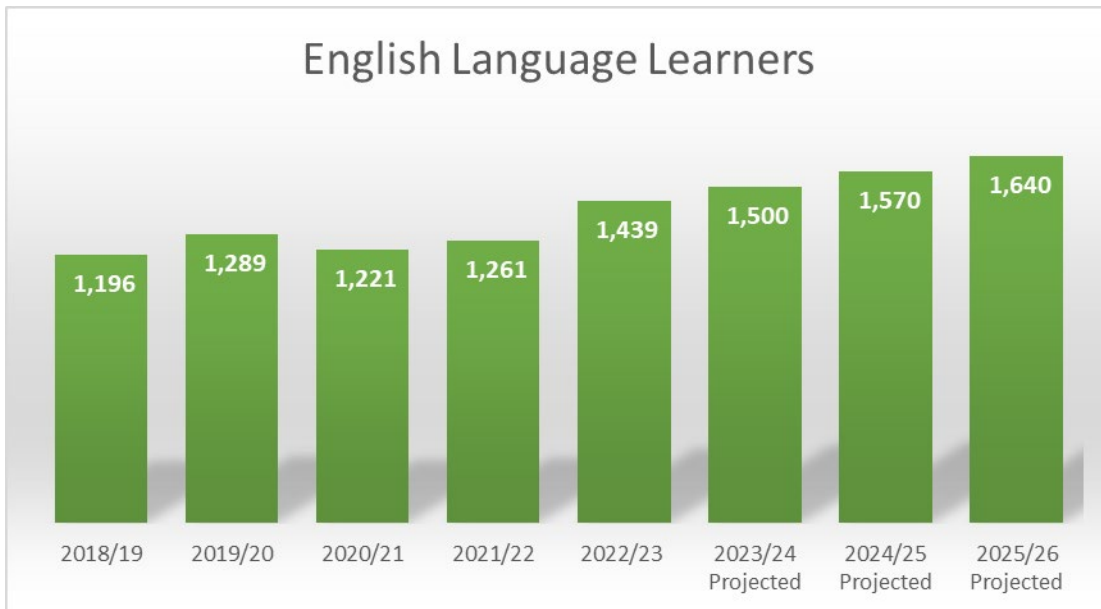
Standard K–12 enrolment has been increasing at a steady rate over the past five years, except for 2020/21 where a slight decrease was seen because of the COVID–19 pandemic. The 2022/23 school year saw the most rapid rate of enrolment growth at 5%. Continuous growth in the next five years is expected with a 4% increase projected for 2023/24.

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



Students with diverse abilities has steadily increased over the past five years and this trend is expected to continue for the next 3 years with a 3% increase projected for 2023/24.

As the below graph shows, there was a 14% increase in ELL enrolment for 2022/23. Increases of 4-5% are expected for the next three years.



FINANCIAL REPORTING

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

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

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

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



OPERATING FUND

The operating fund ended the 2022/23 school year with a surplus of \$36,817, which increased the accumulated operating surplus from \$3.082 million to \$3.119 million. Details on the revenue and expense accounts impacting the operating surplus are included below.

Revenues

In 2022/23, 94% of revenue reported in the operating fund was received from MECC. District operating revenues for 2022/23 were \$680,033 greater than budget and \$7,415,276 greater than prior year. Below are the details of the revenue increases by category.

	Actual		Budget	Actual to Budget		Actual to Prior Year	
	2022/23	2021/22	2022/23	\$	%	\$	%
MECC Grants	74,837,808	68,933,810	74,317,921	519,887	0.7%	5,903,998	8.6%
Other Provincial Grants	75,800	82,907	68,788	7,012	10.2%	-7,107	-8.6%
Tuition	2,896,288	2,226,685	2,874,450	21,838	0.8%	669,603	30.1%
Other Revenue	527,747	289,088	477,836	49,911	10.4%	238,659	82.6%
Rentals	590,542	319,768	589,667	875	0.1%	270,774	84.7%
Investment Income	495,510	156,161	415,000	80,510	19.4%	339,349	217.3%
Total Operating Revenues	79,423,695	72,008,419	78,743,662	680,033	0.9%	7,415,276	10.3%

Ministry of Education and Child Care Grants

The increase in MECC grants over budget is mainly attributed to higher than expected enrolment for continuing education and online learning. There was also higher enrolment than expected for graduated adults which contributed to the increase.

The increase from prior year was driven by two main factors. First, there were significant increases in September enrolment count in 2022/23 compared to 2021/22. As shown in the graph on page 6, enrolment grew by 5% from the prior year, the most rapid rate of growth seen by the District. Total enrolment-based funding for September increased by \$2.81 million due to the increased enrolment for standard K-12 students and Level 2 and English Language Learning designated students with unique needs. Second, labour settlement funding of \$2.85 million was received in the current year. This relates to wage increases for teachers and support staff based on current collective agreements, effective July 1, 2022, as well as wage increases for non-unionized staff which was funded by the Province in the 2022/23 school year.

Below is a table detailing the per-student funding rates and supplemental funding for unique students and unique factors affecting some districts for 2022/23.

Provincial Totals

76% allocated through the Basic Allocation

Basic Allocation

Common per student amount for every FTE student enrolled by school type

Standard School: \$7,885 per school age FTE	Continuing Education: \$7,885 per school age FTE
Alternate School: \$7,885 per school age FTE	Online Learning: \$6,360 per school age FTE

16% allocated to recognize unique student enrolment

Unique Student

Additional per student funding to address uniqueness of district enrolment and support additional programming

Level 1 Special Needs: \$44,850 per student	Level 2 Special Needs: \$21,280 per student	Level 3 Special Needs: \$10,750 per student
English/French Language Learning: \$1,585 per student	Indigenous Education: \$1,565 per student	Adult Education: \$5,030 per FTE
Equity of Opportunity: Mental health; youth in care		

8% allocated to recognize unique district factors

Unique District

Additional funding to address uniqueness of district factors

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

0.2% allocated to buffer the effects of declining enrolment

Funding Protection / Enrolment Decline

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



Other Provincial Grants

Other provincial grants have remained consistent with budget and prior year. Included in the prior year was a \$9,900 grant for ERASE (“Expect Respect and a Safe Education”) which was not received in the current year.

Tuition

Tuition revenue consists of fees for summer learning, continuing education and international education. The District was on budget for these in 2022/23.

The increase from prior year is directly related to the increase in FTE for the international education program. The COVID-19 pandemic and limited mobility due to international border restrictions impacted enrolment to the program in prior years. With the lifting of some restrictions in early 2022, the program saw an increase in FTE for the later part of 2021/22, with further recovery for the 2022/23 school year.

Other Revenue

Other revenue consists of miscellaneous revenue (i.e. unrestricted grants and donations) and instructional cafeteria revenue. The District was on budget for these in 2022/23.

There was a \$193,000 increase from prior year in miscellaneous revenue, primarily due to funding for the Welcome Centre Navigator position, which is a partnership between the District and the City of New Westminster to help local families connect with services, programs and events in the community. The remaining \$45,000 increase is a result of instructional cafeteria revenue.

Rentals

Rental revenue is generated from short-term rentals of sites and facilities to individuals and community groups. The District was on budget for this in 2022/23.

The 2022/23 school year was the first full year since the COVID-19 pandemic restrictions were lifted and as a result, an increase in rental bookings was seen resulting in the increase in revenue from prior year, where part of the year was still under restrictions. Additionally, with the opening of the new high school in 2021, more rental spaces were created for community groups. The theatre at the high school became available for rent in 2022/23.

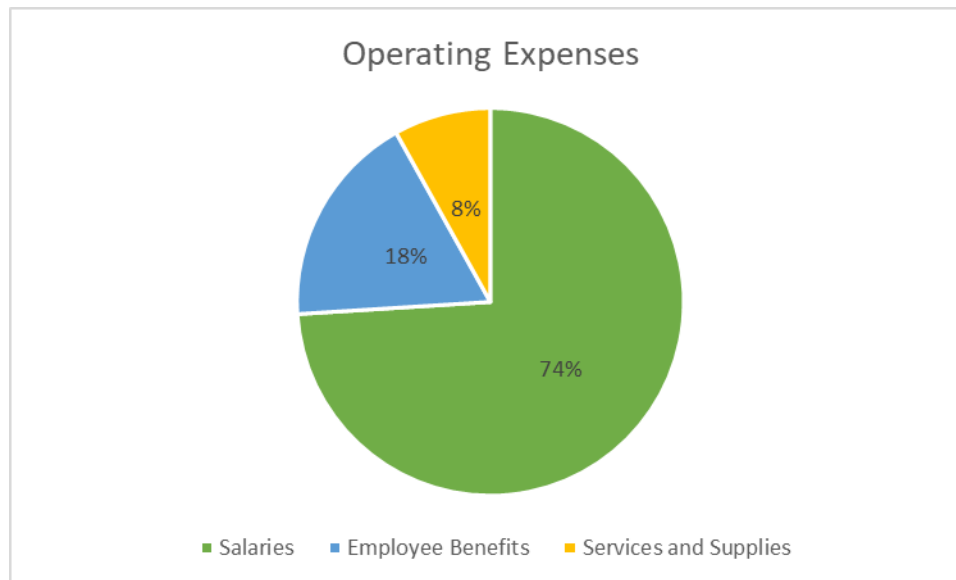
Investment Income

Investment income consists of interest accrued on the District’s bank account balances and short-term investments in the Central Deposit Program. The Central Deposit Program allows the District to invest funds with the provincial government thereby accessing a favorable rate without any restrictions on withdrawals. The variance in actual versus budget and actual versus prior year is due to increasing interest rates which saw a rise from approximately 2.2% to 5.45% during 2022/23.



Expenses

The District's operating expenses for 2022/23 are presented by object as below.



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

Staffing

Employee salaries and benefits account for 92% of operating expenses, which is consistent with the prior year. District staffing expenses for 2022/23 were \$150,419 greater than budget and \$5,106,529 greater than prior year. Below are the details of variances by category.

	Actual		Budget	Actual to Budget		Actual to Prior Year	
	2022/23	2021/22	2022/23	\$	%	\$	%
Teachers	34,160,518	32,186,186	34,333,640	-173,122	-0.5%	1,974,332	6.1%
Principals and Vice Principals	4,186,121	3,941,539	4,151,983	34,138	0.8%	244,582	6.2%
Educational Assistants	7,570,106	6,697,184	7,279,786	290,320	4.0%	872,922	13.0%
Support Staff	5,957,733	5,613,429	6,010,812	-53,079	-0.9%	344,304	6.1%
Other Professionals	2,946,361	3,018,424	2,899,863	46,498	1.6%	-72,063	-2.4%
Substitutes	2,769,343	2,096,053	2,760,502	8,841	0.3%	673,290	32.1%
Total Salaries	57,590,182	53,552,815	57,436,586	153,596	0.3%	4,037,367	7.5%
Employee Benefits	14,027,140	12,957,978	14,030,317	-3,177	0.0%	1,069,162	8.3%
Total Salaries and Benefits	71,617,322	66,510,793	71,466,903	150,419	0.2%	5,106,529	7.7%

Teachers

This line item consists of salaries paid to the District's certified teachers. The variance between budget and actual was not significant at -0.5% of the budgeted expense.

Teachers received a wage increase of \$427 plus 3.24%, effective July 1, 2022, as negotiated in the provincial collective agreement, contributing to a portion of the increased salaries over prior year. Additionally, mainly because of increased student enrolment as shown above, there was an increase in teachers by approximately 17 FTE. Also contributing to the increase in teacher FTE are budget priorities supported in the 2022/23 school year for the teacher mentorship program and behaviour team specialist.

Principals and Vice Principals

This account includes salaries paid to principals and vice principals across the District. The current year variance from budget is insignificant at 0.8%.

The change from the prior year is a result of wage increases, consistent with teacher and support staff collective agreements. Also, two District vice principal positions for Diversity, Equity and Inclusion and Safe and Caring Schools were filled in the 2022/23 school year, consistent with budget priorities to support anti-racism and mental health and well-being. These positions were partially offset by savings from District office restructuring.

Education Assistants (“EAs”)

EAs provide support for students with diverse abilities in the District. The variance from budgeted salaries resulted from an increase in vacation pay for term employees who reached a new level of entitlement for years of service and a transfer of excess expense in the Learning Improvement Fund within the District’s special purpose fund accounts. The Learning Improvement Fund allows each EA in the District to participate in school based team meetings to better support students with diverse needs. Given this funding has not been increased by the provincial government in some time, the additional costs are absorbed by the operating fund.

Contributing to the increase from prior year is a \$0.25 per hour plus 3.24% wage increase effective July 1, 2022, as per the collective agreement, and an increase of approximately 11 FTE to support the District’s growing enrolment and 2022/23 budget priority for contingency EA staffing. Contingency EAs were fully deployed during the year on an expedited basis, ensuring consistency and support in the classrooms for students with special needs.

Support Staff

This account is made up of the salaries paid to administrative staff (other than principals and vice principals) including secretaries, clerks, accountants, technicians, maintenance staff, trades people, custodians, noon hour supervisors and crossing guards. The variance to budget was not significant at -0.9%.

The increase from prior year resulted from a wage increase of \$0.25 per hour plus 3.24%, effective July 1, 2022, as per the collective agreement. In addition, the District’s 2022/23 priorities operationalized an Indigenous education support worker that was previously funded with one-time special purpose COVID funding and invested in additional noon-hour supervisors for safety and supervision of the growing District.

Other Professionals

Other professionals are District staff who are excluded from any union agreement including positions such as the Superintendent, Associate Superintendent, Secretary-Treasurer, Executive Director of Human Resources, other managers and trustees. The current year variance from budget is minimal at 1.6%.

Comparing current and prior year results, the wage increase for excluded staff, which is consistent with teacher and support staff collective agreements, was offset by savings realized through department restructuring.



Substitutes

This account includes TTOCs and replacements for support staff. The variance to budget was not significant at 0.3%.

The increase in replacement costs from prior year results from a couple of factors. The District continued its replacement strategy implemented in 2021/22 and further invested an additional \$500,000 in replacement costs for the 2022/23 school year. The strategy places an increased focus on filling absences through priority TTOC and EA positions to avoid pulling specialists from critical student needs areas. In addition, higher absence rates have continued, leading to an increase in substitute costs.

Employee Benefits

Employee benefits include the amounts paid by the District on behalf of its employees for benefits such as Employment Insurance (“EI”), Canada Pension Plan (“CPP”), municipal or teacher pensions, and employee health and dental benefits. The variance to budget was not significant.

The increase in employee benefits from prior year results from a few different factors. Wage-related benefit costs, such as EI, CPP and pension increased due to increased FTE and higher salaries as explained above. Monthly benefit premiums for extended health and dental plans increased from the prior year as well. Finally, there were higher claim levels in the current year after a reduction in claims was seen at the beginning of the pandemic, resulting in reduced premium holidays available to the District in the current year compared to prior year.



Services and Supplies

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

	Actual		Budget	Actual to Budget		Actual to Prior Year	
	2022/23	2021/22	2022/23	\$	%	\$	%
Services	2,357,304	2,099,868	2,252,229	105,075	4.7%	257,436	12.3%
Student Transportation	67,097	75,565	58,850	8,247	14.0%	-8,468	-11.2%
Professional Development and Travel	497,744	391,190	489,565	8,179	1.7%	106,554	27.2%
Rentals and Leases	267,843	240,074	270,362	-2,519	-0.9%	27,769	11.6%
Dues and Fees	122,630	96,473	104,054	18,576	17.9%	26,157	27.1%
Insurance	134,814	117,448	138,158	-3,344	-2.4%	17,366	14.8%
Supplies	1,855,214	1,645,065	2,112,375	-257,161	-12.2%	210,149	12.8%
Utilities	1,224,835	1,180,878	1,263,157	-38,322	-3.0%	43,957	3.7%
Bad Debt	4,271	16,796	-	4,271	-	-12,525	-74.6%
Total Services and Supplies	6,531,752	5,863,357	6,688,750	-156,998	-2.3%	668,395	11.4%
Tangible Capital Assets Purchased from Operating	885,359	766,034	800,000	85,359	10.7%	119,325	15.6%
Total	7,417,111	6,629,391	7,488,750	-71,639	-1.0%	787,720	11.9%

Services

This account includes computer licenses, costs for contracted professional and technical services, repairs and maintenance, telephones, and copier related services. The budget anticipated lower copier, legal and educational software license expenses than what actually occurred. This increase compared to budget was offset by lower than budgeted telephone expense and commissions for international education.

The increase from prior year was driven by professional service costs where inflationary increases significantly impacted fees, particularly in the maintenance department. In addition, investments within the finance and HR departments were made for software modules to advance the District's digitization priorities.

Student Transportation

This account includes payments to the those who provide transportation to District students for curricular and extracurricular activities on a contract basis. There were non-significant changes from budget and prior year.

Professional Development and Travel

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

The increase from prior year reflects a full year return to in person meetings and training across District departments. In the prior year there were still pandemic restrictions in place for part of the year.

Rentals and Leases

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

Dues and Fees

This account includes membership fees and dues in professional organizations as well as educational licenses. There were non-significant changes from budget and prior year.

Insurance

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

Supplies

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

The increase from prior year results from growing enrolment in the District, as shown on page 6, and the additional supplies and learning resources required to support the increasing student population. In addition, inflationary increases impacted the current year expense when compared to the prior year.

Utilities

This account includes expenditures for utility costs such as electricity, heating, water and sewage, garbage and recycling. The variance from budget results from greater savings than anticipated through replacing and upgrading to more energy efficient buildings, for example the recent replacement of New Westminster Secondary School and Skwo:wech Elementary.

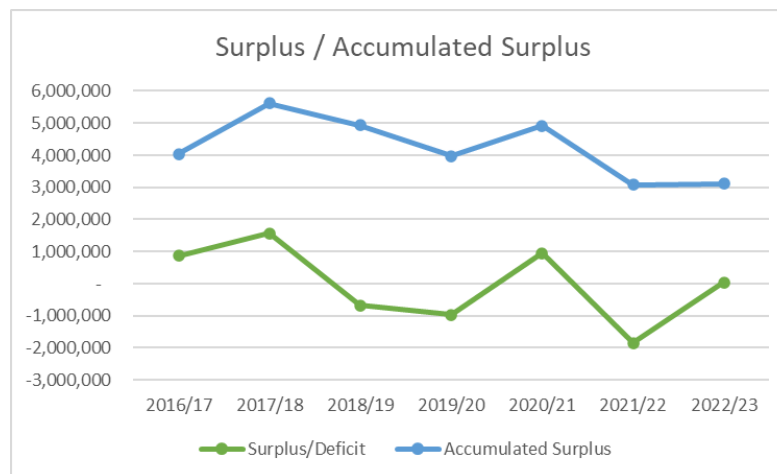
The heating related savings realized on the more energy efficient buildings in the current year were offset by increased utility rates. Also, there was a one-time gas rebate received in the prior year which reduced the 2021/22 utilities expense.



ACCUMULATED OPERATING SURPLUS ANALYSIS

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

The District ended the 2022/23 year with a \$3,118,979 accumulated operating surplus of which \$1,193,434 is internally restricted for specific purposes and \$1,925,545 is unrestricted. The 2022/23 accumulated operating surplus increased by the current year's operating surplus of \$36,817. The below graph shows the relationship between the accumulated surplus and annual surplus/deficit over time.



Details of the accumulated operating surplus are as follows:

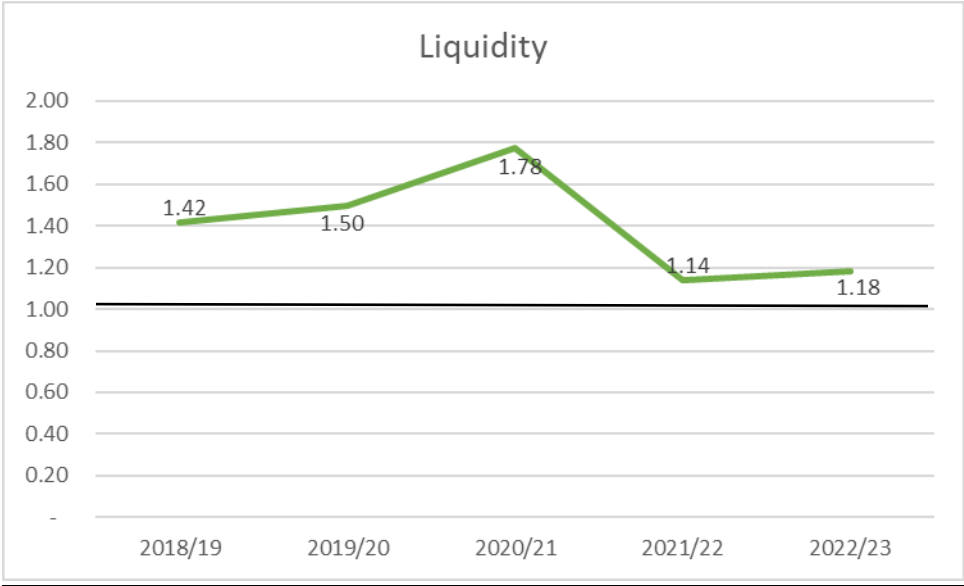
Accumulated Operating Surplus	2022/23	2021/22
Internally Restricted:		
Constraints on Funds:		
Contractual Obligations	70,000	-
Department Carryforward	20,000	55,898
RCAP and Power Local Grants	8,847	5,482
Teacher Mentorship Funds	19,598	40,568
Anticipated Unusual Expense:		
Staffing Contingency	215,000	-
Operations Spanning Multiple Years:		
Capital Cost Share	500,000	-
Commitments Outstanding	278,431	269,752
Future Years' Operating Budget Requirements	50,000	662,000
Local Capital Repayment	-	102,445
School Surplus	1,558	4,175
Strategic Plan Initiatives	30,000	-
Surplus Applied to 2022-23 Budget	-	1,207,506
Total Internally Restricted	1,193,434	2,347,826
Unrestricted	1,925,545	734,336
Total Accumulated Operating Surplus	3,118,979	3,082,162

FINANCIAL HEALTH RATIOS

Liquidity

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

As of June 30, 2023, the District’s liquidity ratio is 1.18.



Accumulated Surplus from Operations to Operating Revenue

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

	2018/19	2019/20	2020/21	2021/22	2022/23
Unrestricted Surplus	3,520,703	-	1,536,991	734,336	1,925,545
Internally Restricted Surplus	1,419,386	3,978,341	3,386,936	2,347,826	1,193,434
Total	4,940,089	3,978,341	4,923,927	3,082,162	3,118,979
Revenue	68,431,676	69,221,759	69,053,395	72,008,419	79,423,695
Percentage	7.2%	5.7%	7.1%	4.3%	3.9%

Apart from 2020/21, when there was a substantial change to operations resulting from the COVID-19 pandemic, the historic trend shows a decrease in the accumulated operating surplus as a percentage of revenue. This is the result of purposeful investments in the District’s strategic priorities to enhance learning opportunities for today’s students.

Accumulated Amortization to Assets

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

Buildings	2018/19	2019/20	2020/21	2021/22	2022/23
Gross Assets	109,403,037	118,175,868	209,561,833	241,057,544	251,305,267
Accumulated Amortization	38,995,974	41,462,177	43,955,095	48,810,415	54,750,010
Ratio	0.36	0.35	0.21	0.20	0.22

Furniture, Equipment and Vehicles	2018/19	2019/20	2020/21	2021/22	2022/23
Gross Assets	1,828,501	1,895,018	4,343,684	5,192,355	5,522,576
Accumulated Amortization	578,119	660,008	886,459	1,292,809	1,739,279
Ratio	0.32	0.35	0.20	0.25	0.31

Computer Hardware	2018/19	2019/20	2020/21	2021/22	2022/23
Gross Assets	3,344,161	3,774,996	3,810,140	3,491,383	3,076,380
Accumulated Amortization	1,049,327	1,495,252	2,033,526	1,868,094	1,754,271
Ratio	0.31	0.40	0.53	0.54	0.57

Total	2018/19	2019/20	2020/21	2021/22	2022/23
Gross Assets	114,575,699	123,845,882	217,715,657	249,741,282	259,904,223
Accumulated Amortization	40,623,420	43,617,437	46,875,080	51,971,318	58,243,560
Ratio	0.35	0.35	0.22	0.21	0.22

The ratio for buildings decreased significantly in 2020/21 and has stayed consistent over the past three years. This is reflective of the significant capital investments made at schools such as New Westminster Secondary School (completed in 2020/21 fiscal year) and Skwo:wech Elementary (completed in 2021/22 fiscal year).

The increasing ratio for furniture, equipment and vehicles and computer hardware suggests that investments will be important in future years. Technology is a strategic priority for the District and addressed through the technology plan in place to ensure staff and students can access up-to-date technology.

SPECIAL PURPOSE FUND

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

During 2022/23, \$13.10 million in special purpose fund contributions was received and \$12.95 million was spent. There was \$78,359 of additional expenses, over and above funding received, relating to special purpose programs that was funded and reported in the operating fund. As at June 30, 2023, \$1.38 million in special purpose funds remain available for designated purposes in future years.

The District incurred the following expenditures in 2022/23, as related to significant special purpose funds.

Program	Funding Source	2022/23 Grant	2022/23 Expense	Purpose
Annual Facility Grant	MECC	\$235,916	\$235,916	Planned maintenance of facilities.
Learning Improvement Fund	MECC	\$247,949	\$318,260	Augment EA hours, providing additional support to complex learners.
Scholarships and Bursary	Other	\$101,020	\$119,120	Provide financial support for post-secondary education to graduating grade 12 students.
School Generated Funds	Other	\$1,707,810	\$1,783,089	Funds that are collected and paid out through school accounts in support of school-based programs.
Strong Start	MECC	\$96,000	\$104,048	Provide early learning centers that offer school-based, drop-in programs for children from birth to age five and their parents or caregivers.
Ready, Set, Learn	MECC	\$19,600	\$19,600	Support early learning for children aged 3 to 5 and their parents and facilitate a smooth transition to Kindergarten.
Official Languages in Education French Programs ("OLEP")	MECC	\$317,271	\$323,624	Deliver Core French language programs and curriculum resources and support French Immersion growth.
Community LINK	MECC and Other	\$1,791,698	\$1,791,698	Provide programs and initiatives to improve the educational outcomes of vulnerable students, including academic achievement and social functioning.
Classroom Enhancement Fund (Overhead, Staffing and Remedies)	MECC	\$7,266,795	\$7,246,174	Address additional teacher staffing, overhead and equipment costs resulting from restoration of class size and composition language.
Mental Health in Schools	MECC	\$52,000	\$52,536	Support mental health for children and youth in schools.
Seamless Day Kindergarten	MECC and Other	\$233,544	\$224,308	Provide before and after school care in kindergarten classrooms and support learning alongside the classroom teacher
Student & Family Affordability	MECC	\$697,152	\$546,643	Help families struggling with rising costs of living due to global inflation.

Just B4	MECC and Other	\$43,949	\$43,949	Provide a play-based program to support young learners in the year leading into Kindergarten.
ECL (Early Care & Learning)	MECC	\$175,000	\$69,752	Complete an environmental scan of existing early learning and child care on school grounds and expand access to child care on school grounds.
Apprentice Program	Industry Training Authority	\$111,164	\$145,412	Enable students to apply trade-specific training and explore career options in the trades.



CAPITAL FUND

The net value of tangible capital assets is \$224.9 million as at June 30, 2023 (see Schedule 4A of the audited financial statements). These net costs represent the historical cost net of accumulated amortization of all District tangible capital assets, which is not the current market value.

Major Capital Projects

The District had 3 major capital projects at various stages of progress during the 2022/23 school year, as detailed in the below table. Capital expenditures are primarily funded by the Province of British Columbia, with additional funding provided through locally generated District capital funds and third-party contributors.

Project	Scope	Commencement Date	Completion Date
New Westminster Secondary	School Replacement	Spring 2017	January 2021; currently in demolition phase of old school
Queen Elizabeth Elementary	Expansion	June 2021	Targeted for completion in 2025
Lord Tweedsmuir and FW Howay Day Care Centres (New Spaces Funding)	Relocation	Spring 2023	March 2024

In the Spring of 2022, the District received notice from the MECC acknowledging the needs for a 500-student capacity elementary school in the Fraser River Zone. At present, the concept plan with a recommendation for a 600-capacity school has been approved and the District is now working on a project definition report.

In the Spring of 2023, the District received notice from the MECC acknowledging the needs for a new middle school in the Fraser River Zone through a future site acquisition. The District is in the planning and business case stage of this process.

The District has also received notice of support from the MECC for interior space conversions at Qayqayt Elementary and Fraser River Middle Schools to accommodate enrolment growth. The new classroom spaces are anticipated to be ready for the 2024/25 school year.

Other Capital Funded Projects

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

Capital Program	2022/23 Funding	2022/23 Expenses	Description
Annual Facility Grant	\$973,783	\$973,783	Funding is provided to address repair and maintenance priorities at schools to ensure facilities are safe and functioning well. Projects for 2022/23 included roofing, mechanical, facility and site upgrades across District buildings.
School Enhancement Program	\$1,700,000	\$1,700,000	Funding is provided to help the District extend the life of their facilities through a wide range of improvement projects. The exterior wall system project was completed at Lord Tweedsmuir Elementary in 2022/23.
Carbon Neutral Capital Program	\$500,000	\$500,000	Funding is provided for energy-efficient projects that lower carbon emissions in the District. Energy system upgrades were completed at Glenbrook Middle School in 2022/23.
Playground Equipment Program	\$165,000	\$165,000	Funding is provided to purchase and install replacement playground equipment that is universal in design and in compliance with accessibility measures. Lord Tweedsmuir Elementary received a universally accessible playground in 2022/23.

Capital Fund Balances

Capital Fund	Description	As at June 30, 2023	As at June 30, 2022	Change (\$)
Bylaw Capital	Represents funds drawn on Certificates of Approval for capital projects.	-	-	-
MECC Restricted Capital	Represents MECC's portion of proceeds on disposal of land and buildings and any bylaw project surplus on capital projects.	-	\$13,110	(13,110)
Other Provincial Capital	Capital funding received from MECC under the New Spaces Fund for childcare centres at Lord Tweedsmuir and FW Howay school sites.	\$795,340	-	795,340
Land Capital	Funds received from the City of New Westminster for school site acquisition charges.	\$891	-	891
Other Capital	Includes capital grants received from and restricted by any entity not included in the Government Reporting Entity.	-	-	-
Local Capital	Funds generated by the District to be utilized for capital expenditures as determined by the District.	-	(\$260,540)	260,540

Other Provincial capital relates to the relocation of child care centres from Qayqayt Elementary and Fraser River Middle to Lord Tweedsmuir and FW Howay school sites. Total funding of \$2.88 million was approved by MECC through the Child Care BC New Spaces Fund in 2022/23. Changes in the capital fund balance are summarized below.

Other Provincial Capital, June 30, 2022	\$ -
Increase:	
First advance – New Spaces Funding	1,152,000
Interest income	21,338
Decrease:	
Amounts spent	(377,998)
Other Provincial Capital, June 30, 2023	\$795,340

Amounts spent in 2022/23 are transferred to deferred capital revenue, reducing the corresponding capital fund balance. The remaining funding of \$1.728 million is expected in 2023/24 as the project progresses and completes.

Changes in the local capital balance are summarized below.

Local Capital Deficit, June 30, 2022	(\$260,540)
Board approved transfers to local capital:	
Queensborough site acquisition	352,445
Board approved uses of local capital:	
Queen Elizabeth Elementary expansion	(91,905)
Local Capital Balance, June 30, 2023	\$ -

The District requested and received approval from the Minister of Education and Child Care to carry the local capital deficit at June 30, 2022, based on the understanding that the deficit would be eliminated no later than June 30, 2026. This deficit was the result of the Queensborough site acquisition in the prior year. The District accelerated the timeline on the repayment and eliminated the deficit at June 30, 2023, through a Board approved transfer from the operating fund.

LONG TERM OUTLOOK

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

Enrolment Growth and Capacity Constraints

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

International Education Program

The COVID-19 pandemic had a significant impact on the international education program and therefore the operating revenues of the District. The program showed a recovery in the 2022/23 year and budget estimates for 2023/24 project consistent revenues going forward. Enrolment variances relating to lingering effects of the pandemic as well as other emerging issues impacting international education will need to be closely monitored throughout the year to ensure the District is on track with projections. Any variations will significantly impact the budget.

Unfunded Costs and Cost Pressures

The Ministry does not fund all costs related to our education system. These costs, which are downloaded to districts, must be absorbed within existing operating budgets. The following reflect some additional unfunded pressures for the 2023/24 year.

- Inflation – the recent increase in inflation is reducing the purchasing power of districts and specifically schools and departments in carrying out their work when purchasing services and supplies.
- Exempt Staff Wages – BC Public School Employers' Association provides salary grids to school districts across the province that are utilized to establish rates of pay across the education sector. The 2022/23 school year was the first year where exempt staff (managers, principals and vice-principals) wage increases were funded by the Province. Funding for the 2023/24 school year has been confirmed however there is no certainty on whether funding for wage increases will continue in future years.

Capital Projects

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

Other assets

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

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

