

# Financial Statement Discussion and Analysis

2025–2026



New  
Westminster  
Schools

## TABLE OF CONTENTS

|                                              |    |
|----------------------------------------------|----|
| Introduction .....                           | 3  |
| District Overview .....                      | 4  |
| Our Vision, Mission and Values .....         | 5  |
| Enrolment .....                              | 6  |
| Financial Reporting .....                    | 8  |
| Operating Fund .....                         | 9  |
| Revenues .....                               | 9  |
| Expenses .....                               | 12 |
| Accumulated Operating Surplus Analysis ..... | 16 |
| Financial Health Ratios .....                | 17 |
| Special Purpose Fund .....                   | 19 |
| Capital Fund .....                           | 21 |
| Long Term Outlook .....                      | 24 |



## 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, 2026.

The purpose of the Financial Statement Discussion and Analysis is to summarize the financial performance of the District for the year ended June 30, 2026, 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 (the “Board”) that is made up of seven elected trustees for a four-year term.

A wide range of programs and services are delivered to approximately 7,900 students through:

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

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



## OUR VISION, MISSION AND VALUES

In 2025, the Board approved its five-year strategic plan, which serves as 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 three strategic focus areas: Student Experience, Systems of Care and Support and Organizational Capacity. It's a plan that reflects a shared vision rooted in community input, designed to drive meaningful and sustainable change.

### VISION

An inspired learning community.

### MISSION

To champion lifelong learning through enriching educational experiences.

### VALUES



#### **Connection**

We foster meaningful relationships to achieve shared goals and a sense of belonging.



#### **Empathy**

We care for and respect one another, and celebrate the unique experiences each of us brings.



#### **Resiliency**

We equip people with the skills to navigate challenges, adapt to change, and turn obstacles into opportunities for growth.



#### **Curiosity**

We inspire exploration and make space for play in learning.

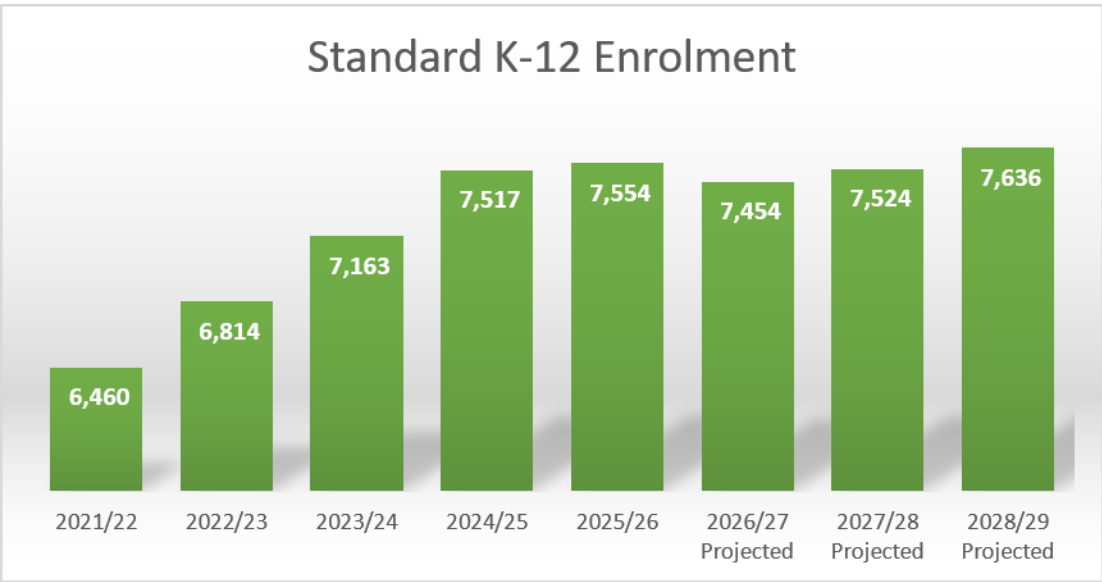


# ENROLMENT

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.

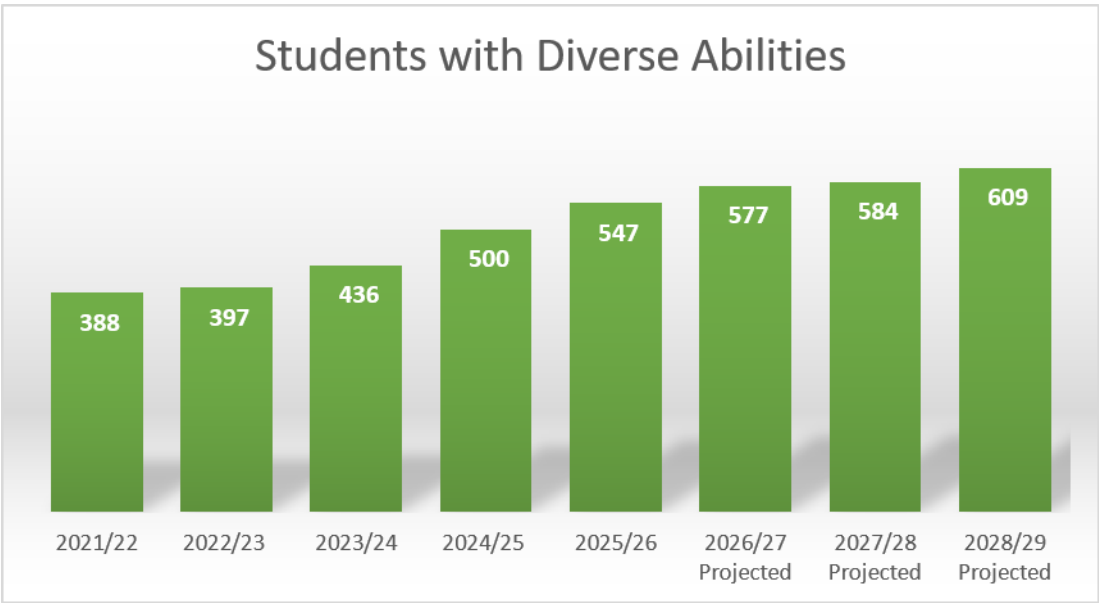
District staffing levels are driven directly by student enrolment. Since salaries and benefits make up approximately 93% of District operating expenses, reliable enrolment data is essential for financial planning. Each year the District completes an analysis of historical enrolment and student retention 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. It does not include continuing education, alternate schools, distributed learning, home schooling, international, adult or supplemental enrolment.



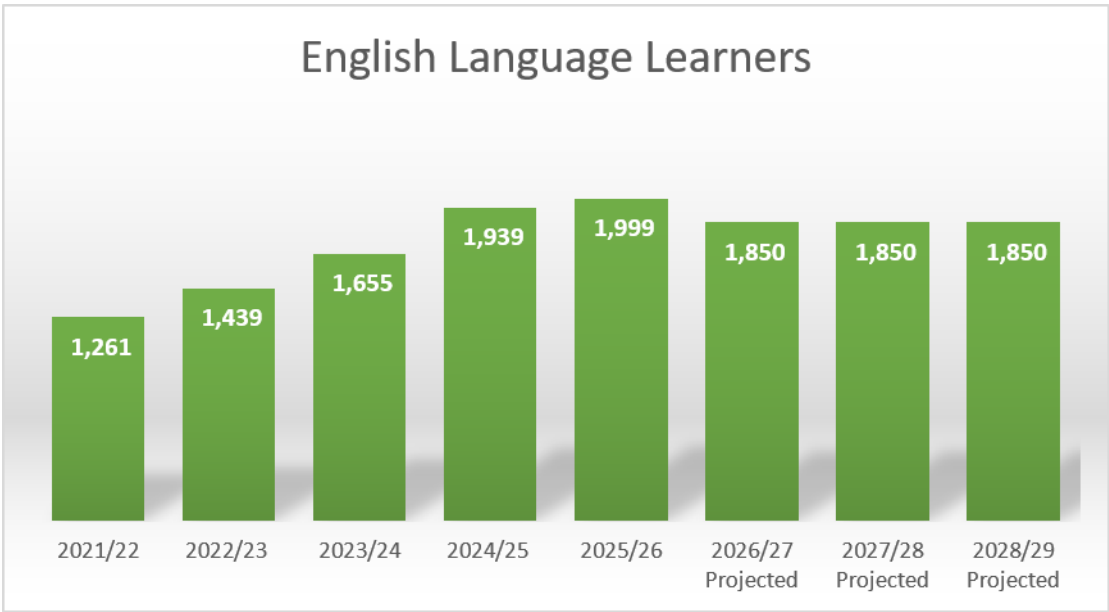
After many years of rapidly increasing enrolment, standard K-12 enrolment slowed in 2025/26 with a modest 0.5% increase. A temporary decrease in enrolment is projected for 2026/27 before increasing again, although at a slower rate of approximately 1% for 2027/28 and 2028/29. The decrease in growth rate and enrolment is consistent across the province of British Columbia and is largely driven by factors including birth rates, federal immigration policies and economics on a local and global scale.

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



Students with diverse abilities has steadily increased over the past five years, with the 2025/26 school year seeing a 9% increase. Decreased rates of growth are projected for the next 3 years with a 5% increase in students with diverse abilities projected for 2026/27.

As the below graph shows, English Language Learner enrolment growth for 2025/26 slowed with a 3% increase. A decline in this enrolment is expected in the next 3 years, with a 7% decrease in English Language Learners projected due to a change in service model.



## 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 specific 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 Provincial Capital, Land Capital, Other Capital as well as Local Capital.



## OPERATING FUND

The operating fund ended the 2025/26 school year with a surplus of \$836,203, which increased the accumulated operating surplus from \$2.070 million to \$2.906 million. Details on the revenue and expense accounts impacting the operating fund are included below.

### Revenues

In 2025/26, 96% of revenue reported in the operating fund was received from MECC. District operating revenues for 2025/26 were \$3.348 million greater than budget and \$4.786 million greater than prior year. Below are the details of the revenue changes by category.

|                                 | Actual             |                   | Budget            | Actual to Budget |             | Actual to Prior Year |             |
|---------------------------------|--------------------|-------------------|-------------------|------------------|-------------|----------------------|-------------|
|                                 | 2025/26            | 2024/25           | 2025/26           | \$               | %           | \$                   | %           |
| MECC Grants                     | 97,168,345         | 92,377,115        | 94,053,777        | 3,114,568        | 3.3%        | 4,791,230            | 5.2%        |
| Other Provincial Grants         | 80,420             | 82,142            | 81,377            | -957             | -1.2%       | -1,722               | -2.1%       |
| Tuition                         | 2,754,911          | 2,721,000         | 2,675,500         | 79,411           | 3.0%        | 33,911               | 1.2%        |
| Other Revenue                   | 407,468            | 455,630           | 391,175           | 16,293           | 4.2%        | -48,162              | -10.6%      |
| Rentals                         | 873,140            | 820,701           | 795,237           | 77,903           | 9.8%        | 52,439               | 6.4%        |
| Investment Income               | 351,247            | 392,632           | 290,000           | 61,247           | 21.1%       | -41,385              | -10.5%      |
| <b>Total Operating Revenues</b> | <b>101,635,531</b> | <b>96,849,220</b> | <b>98,287,066</b> | <b>3,348,465</b> | <b>3.4%</b> | <b>4,786,311</b>     | <b>4.9%</b> |

### Ministry of Education and Child Care Grants

The increase in MECC grants over budget is mainly attributed to \$2.4 million of labour settlement funding received or accrued that relates to employee wage increases consistent with collective agreements that were ratified after the amended budget was approved and therefore amounts were not included in the budget. In addition, there was higher enrolment than expected for the February and May 2026 continuing education and online learning enrolment count as well as higher enrolment than expected for graduated adults throughout the 2025/26 school year.

The increase in MECC grants of \$4.8 million from prior year is attributable to:

- Operating grant funding, which increased due to the following factors:
  - Increases in enrolment in 2025/26 compared to 2024/25. As shown in the graph on page 6, September standard K-12 enrolment grew by 1% from the prior year and increases were also seen in Level 2 designated students and English Language Learners.
  - Per student funding rates were increased in 2025/26 to fund the collective agreement wage increases for teachers and support staff prior to July 1, 2025 which were previously allocated as a special grant.
- Funding for graduated adults due to increased enrolment.
- Labour settlement funding consistent with collective agreements that were ratified in 2025/26.

Below is a table detailing the per-student funding rates and supplemental funding for unique students and unique factors, affecting some districts, for 2025/26.

|                                                                                        |                                                                                                                                                                                                                                                              |                                                                                                                                        |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <b>74%</b><br>allocated through the Basic Allocation                                   | <b>Basic Allocation</b><br>Common per student amount for every FTE student enrolled by school type.                                                                                                                                                          |                                                                                                                                        |
|                                                                                        | Standard School                                                                                                                                                                                                                                              | \$9,015 per school age FTE                                                                                                             |
|                                                                                        | Alternate School                                                                                                                                                                                                                                             | \$9,015 per school age FTE                                                                                                             |
|                                                                                        | Continuing Education                                                                                                                                                                                                                                         | \$9,015 per school age FTE                                                                                                             |
|                                                                                        | Online Learning                                                                                                                                                                                                                                              | \$7,280 per school age FTE                                                                                                             |
| <b>18%</b><br>allocated to recognize unique student enrolment                          | <b>Unique Student</b><br>Additional per student funding to address uniqueness of district enrolment and support additional programming. Includes Equity of Opportunity Supplement for children and youth in care and students with mental health challenges. |                                                                                                                                        |
|                                                                                        | Level 1 Inclusive Education                                                                                                                                                                                                                                  | \$51,300 per student                                                                                                                   |
|                                                                                        | Level 2 Inclusive Education                                                                                                                                                                                                                                  | \$24,340 per student                                                                                                                   |
|                                                                                        | Level 3 Inclusive Education                                                                                                                                                                                                                                  | \$12,300 per student                                                                                                                   |
|                                                                                        | English/French Language Learning                                                                                                                                                                                                                             | \$1,815 per student                                                                                                                    |
|                                                                                        | Indigenous Education                                                                                                                                                                                                                                         | \$1,790 per student                                                                                                                    |
|                                                                                        | Adult Education                                                                                                                                                                                                                                              | \$5,755 per FTE                                                                                                                        |
| <b>7%</b><br>allocated to recognize unique district factors                            | <b>Unique District</b><br>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 Factor                                                                                                                                                                                                                         | Level 1 and 2 inclusive education enrolment                                                                                            |
| <b>0.2%</b><br>allocated to buffer the effects of declining enrolment                  | Salary Differential                                                                                                                                                                                                                                          | Funding to districts that have higher average educator salaries                                                                        |
|                                                                                        | <b>Funding Protection / Enrolment Decline</b>                                                                                                                                                                                                                |                                                                                                                                        |
|                                                                                        | Funding Protection                                                                                                                                                                                                                                           | Funding to ensure that no district experiences a decline in operating grants greater than 1.5% when compared to the previous September |
|                                                                                        | Enrolment Decline                                                                                                                                                                                                                                            | Funding to districts experiencing enrolment decline of at least 1% when compared to the previous year                                  |
| <b>CSF Supplement</b><br>District receives a 15% funding premium on allocated funding. |                                                                                                                                                                                                                                                              |                                                                                                                                        |

## **Other Provincial Grants**

Other provincial grant revenue is consistent with budget and prior year.

## **Tuition**

Tuition revenue consists of fees for continuing and international education. Enrolment in the international education program was consistent with budgeted FTE for 2025/26, as well as enrolment in the prior year. It is anticipated that in future years, enrolment will not increase as the economic and geo-political climate is making it challenging to recruit international students. Additionally, capacity for international students at the secondary school continues to be limited by local student enrolment growth. The District closely monitors changes in tuition revenue as it has a significant impact on discretionary revenue balances.

## **Other Revenue**

Other revenue consists of miscellaneous revenue (i.e. unrestricted grants and donations) and instructional cafeteria revenue. Results are consistent with budget.

The decrease in other revenue compared to prior year is due to instructional cafeteria revenue, where sales fell in the current year.

## **Rentals**

Rental revenue is generated from short-term rentals of sites and facilities to individuals and community groups. Rental bookings are slightly higher than projected in the 2025/26 school year leading to actual revenues exceeding budget and prior year amounts.

## **Investment Income**

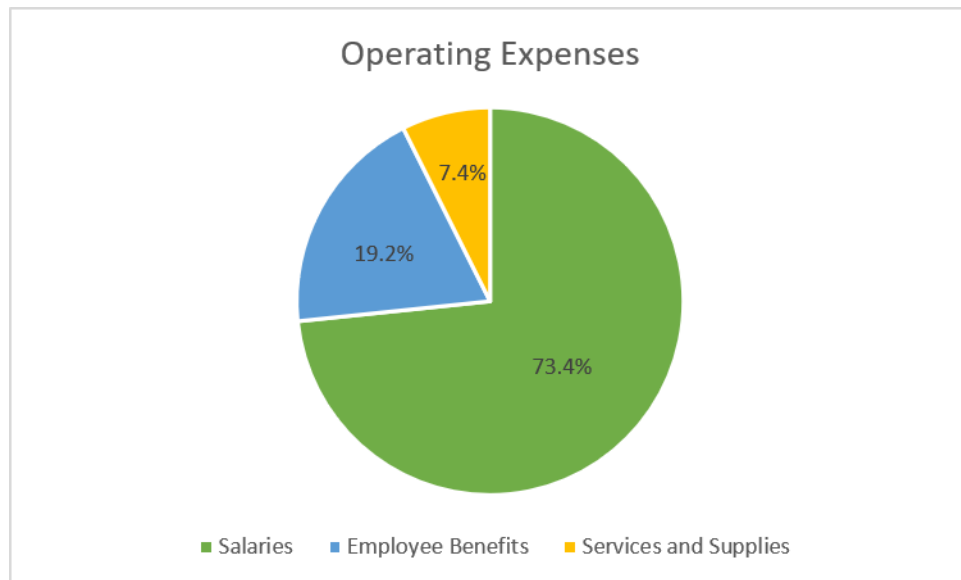
Investment income consists of interest earned on the District's bank account balances. Interest earned will vary with changes in cash balances and interest rates during the year.

The variance in actual versus prior year is due to decreasing annual weighted average interest rates from approximately 3.7% in 2024/25 to 2.4% in 2025/26.



## Expenses

The District's operating expenses for 2025/26 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 almost 93% of operating expenses (2024/25 – 92%). District staffing expenses for 2025/26 were \$2.201 million more than budget and \$3.305 million greater than prior year. Below are the details of variances by category.

|                                    | Actual            |                   | Budget            | Actual to Budget |             | Actual to Prior Year |             |
|------------------------------------|-------------------|-------------------|-------------------|------------------|-------------|----------------------|-------------|
|                                    | 2025/26           | 2024/25           | 2025/26           | \$               | %           | \$                   | %           |
| Teachers                           | 43,267,870        | 42,838,981        | 42,086,840        | 1,181,030        | 2.8%        | 428,889              | 1.0%        |
| Principals and Vice Principals     | 5,196,744         | 4,811,264         | 5,276,555         | -79,811          | -1.5%       | 385,480              | 8.0%        |
| Educational Assistants             | 9,753,946         | 10,068,954        | 9,472,037         | 281,909          | 3.0%        | -315,008             | -3.1%       |
| Support Staff                      | 7,168,353         | 6,720,948         | 6,939,516         | 228,837          | 3.3%        | 447,405              | 6.7%        |
| Other Professionals                | 3,084,065         | 3,123,572         | 3,105,719         | -21,654          | -0.7%       | -39,507              | -1.3%       |
| Substitutes                        | 4,024,210         | 2,748,521         | 3,784,458         | 239,752          | 6.3%        | 1,275,689            | 46.4%       |
| <b>Total Salaries</b>              | <b>72,495,188</b> | <b>70,312,240</b> | <b>70,665,125</b> | <b>1,830,063</b> | <b>2.6%</b> | <b>2,182,948</b>     | <b>3.1%</b> |
| Employee Benefits                  | 19,005,752        | 17,884,022        | 18,634,561        | 371,191          | 2.0%        | 1,121,730            | 6.3%        |
| <b>Total Salaries and Benefits</b> | <b>91,500,940</b> | <b>88,196,262</b> | <b>89,299,686</b> | <b>2,201,254</b> | <b>2.5%</b> | <b>3,304,678</b>     | <b>3.7%</b> |

## **Teachers**

This line item consists of salaries paid to the District's certified teachers. The variance between budget and actual is 2.8%. This can be attributed to the wage increase of 3.0%, effective July 1, 2025, as negotiated in the provincial collective agreement that was ratified subsequent to the approval of the 2025/26 amended budget, and therefore not included in the 2025/26 budget for teacher salaries.

As noted above, teachers received a wage increase of 3.0%, effective July 1, 2025, contributing to an increase in salaries over prior year. In addition, a 2024/25 mid-year budget priority that increased vice principal administration time at schools, resulting in teacher backfill staffing, was annualized in 2025/26. These increases are offset by a decrease in teacher FTE funded by the operating fund and instead funded through the special purpose fund.

## **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.

The increase from the prior year is a result of wage increases, consistent with teacher and support staff collective agreements, the addition of a VP position at Sigma/Online and a District Principal position for learning services, as well as district restructuring costs.

## **Education Assistants ("EAs")**

EAs provide support for students with diverse abilities in the District. The variance from budgeted salaries is 3.0%. This can be attributed to the wage increase of 3.0%, effective July 1, 2025, as negotiated in the provincial collective agreement that was ratified subsequent to the approval of the 2025/26 amended budget, and therefore not included in the 2025/26 budget for EA salaries.

The decrease from prior year is due to a decrease in EA FTE, as approved in the 2025/26 budget. This is offset by the 3.0% wage increase effective July 1, 2025, as noted above. Further, contingency EAs, a 2025/26 supported budget priority, were fully deployed early in the school year and an additional investment was made mid-year to ensure consistency and support in the classrooms for students with diverse abilities.

## **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 is 2.8% and can be attributed to the wage increase of 3.0%, effective July 1, 2025, as negotiated in the provincial collective agreement that was ratified subsequent to the approval of the 2025/26 amended budget, and therefore not included in the 2025/26 budget for support staff salaries.

The increase from prior year resulted from a wage increase of 3.0%, effective July 1, 2025, as noted above. In addition, an increase in clerical time was approved as part of the 2025/26 budget to support school environments and district operations. Further, a 2024/25 mid-year budget priority for HR staffing was annualized in 2025/26.



## 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 -0.7%.

Comparing current and prior year results, the wage increase for excluded staff, which is consistent with teacher and support staff collective agreements, is offset by reduced salaries for temporary staff leaves.

## Substitutes

This account includes TTOCs and replacements for support staff. The variance to budget is due to the wage increase of 3.0%, effective July 1, 2025, as negotiated in the provincial collective agreements that were ratified subsequent to the approval of the 2025/26 amended budget, and therefore not included in the 2025/26 budget for substitutes. In addition, absences were projected at a lower rate than what transpired for the later months of the year.

The increase in replacement costs from prior year is attributed to the wage increase of 3%, effective July 1, 2025, as noted above, as well as the combination of increased teacher and EA absences over prior year and the increased ability to replace those absences.

## 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 is 2.0% and directly related to the benefit impact of collective agreement wage increases that were not included in the budget, as discussed in the applicable employee categories above.

The increase in employee benefits from prior year results from a couple different factors. Wage-related benefit costs, such as EI, CPP and pension increased overall due to salary variances in the operating fund, as explained above. Increases to the Canada Pension Plan maximum contributions, WorkSafeBC insurance premiums and monthly benefit premiums for extended health and dental plans contributed to the increase from the prior year as well.

## Services and Supplies

Services and supplies expense accounts for 7% of operating expenses (2024/25 – 8%).

|                                                  | Actual           |                  | Budget           | Actual to Budget |             | Actual to Prior Year |              |
|--------------------------------------------------|------------------|------------------|------------------|------------------|-------------|----------------------|--------------|
|                                                  | 2025/26          | 2024/25          | 2025/26          | \$               | %           | \$                   | %            |
| Services                                         | 2,940,053        | 3,193,271        | 2,768,162        | 171,891          | 6.2%        | -253,218             | -7.9%        |
| Student Transportation                           | 180,770          | 176,392          | 179,150          | 1,620            | 0.9%        | 4,378                | 2.5%         |
| Professional Development and Travel              | 570,377          | 592,398          | 556,271          | 14,106           | 2.5%        | -22,021              | -3.7%        |
| Rentals and Leases                               | 276,393          | 294,669          | 290,373          | -13,980          | -4.8%       | -18,276              | -6.2%        |
| Dues and Fees                                    | 158,344          | 132,366          | 107,088          | 51,256           | 47.9%       | 25,978               | 19.6%        |
| Insurance                                        | 177,526          | 173,966          | 184,830          | -7,304           | -4.0%       | 3,560                | 2.0%         |
| Supplies                                         | 1,836,052        | 1,863,625        | 1,972,779        | -136,727         | -6.9%       | -27,573              | -1.5%        |
| Utilities                                        | 1,191,108        | 1,234,133        | 1,237,047        | -45,939          | -3.7%       | -43,025              | -3.5%        |
| Bad Debt                                         | -                | 1,393            | -                | -                | -           | -1,393               | -100.0%      |
| Total Services and Supplies                      | 7,330,623        | 7,662,213        | 7,295,700        | 34,923           | 0.5%        | -331,590             | -4.3%        |
| Tangible Capital Assets Purchased from Operating | 1,392,765        | 1,230,613        | 1,116,680        | 276,085          | 24.7%       | 162,152              | 13.2%        |
| <b>Total</b>                                     | <b>8,723,388</b> | <b>8,892,826</b> | <b>8,412,380</b> | <b>311,008</b>   | <b>3.7%</b> | <b>-169,438</b>      | <b>-1.9%</b> |

## **Services**

This account includes computer licenses, costs for contracted professional and technical services, repairs and maintenance, telephones, and copier related services. Higher than expected costs for licensing and contracted services during the year resulted in actual costs being more than budget.

The decrease from prior year is primarily due to technology budgets being reprioritized to address hardware purchases compared to technology related service requirements and licensing costs in the prior year. In the prior year, funds were allocated to respond to a cyber incident. The current year represents a return to past spending allocations. This decrease is partially offset by investments in 2025/26 approved priorities as below. These are ongoing investments that will continue in future years.

- EdPlan Insight was implemented to ensure instruction, assessment and reporting practices align with the curriculum and to meet the diverse need of students.
- Crisis Prevention Institute training was delivered to specific employees to equip them with strategies when dealing with crisis situations.
- Violence Threat Risk and Assessment training was provided to specific employees to create safer environments for school communities.

## **Student Transportation**

This account includes payments to the those who provide transportation to District students for curricular and extracurricular activities on a contract basis. The variance from budget and prior year is not significant.

## **Professional Development and Travel**

This account includes amounts paid to professional development committees as well as registration fees, transportation, mileage allowances, meals, accommodation and per diem payments for District staff attending conferences and training opportunities. There is non-significant changes from budget and prior year.

## **Rentals and Leases**

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

## **Dues and Fees**

This account includes membership fees and dues in professional organizations as well as educational licenses. The variance from budget and prior year relates to higher membership fees for professional associations.

## **Insurance**

This account includes the expenditures for all insurance coverage, premiums, and deductibles. The current year expense is 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 learning resources, general supplies and non-capitalized furniture, equipment and computer equipment under \$5,000. The variance from budget resulted from the timing of some planned department spending on supplies to support literacy initiatives which impacted the current year expense, however amounts are carried forward and restricted in the upcoming year. The decrease from prior year is not significant.

## **Utilities**

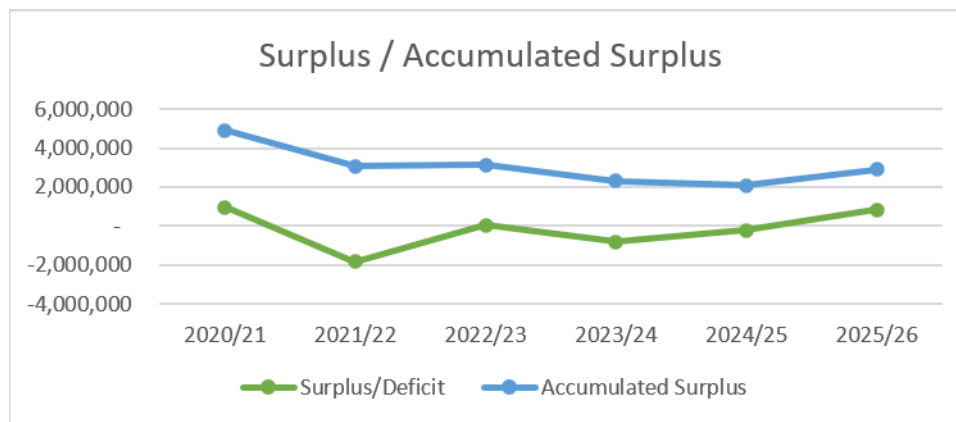
This account includes expenditures for utility costs such as electricity, heating, water and sewage, garbage and recycling. The variance from budget and prior year is not significant.



## 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 strategies to re-establish the reserve in its future budget planning processes, should it fall below this level.

The District ended the 2025/26 year with a \$2,905,847 accumulated operating surplus of which \$2,064,143 is internally restricted for specific purposes and \$841,704 is unrestricted. The 2025/26 accumulated operating surplus increased by the current year's operating surplus of \$836,203. The below graph shows the relationship between the accumulated surplus and annual surplus/deficit.



Details of the accumulated operating surplus are as follows:

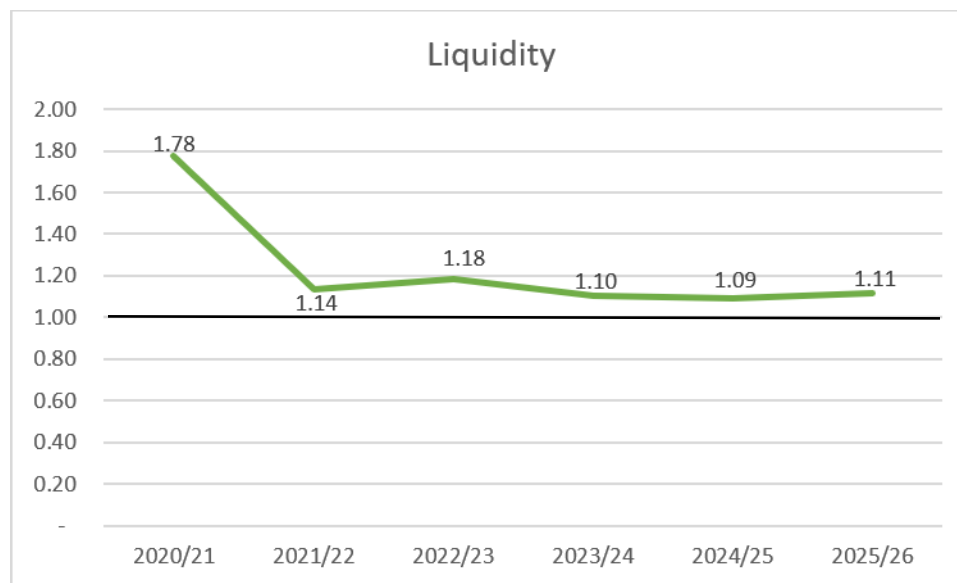
| Accumulated Operating Surplus               | 2025/26          | 2024/25          |
|---------------------------------------------|------------------|------------------|
| <b>Internally Restricted:</b>               |                  |                  |
| <i>Constraints on Funds:</i>                |                  |                  |
| Alternate Education Local Grants            | 6,384            | 18,045           |
| Contractual Obligations                     | 36,828           | 36,828           |
| Department Carryforward                     | 90,000           | -                |
| Externally Targeted Funds                   | 7,000            | 7,000            |
| Indigenous Education Council                | 45,371           | 25,795           |
| Teacher Mentorship Funds                    | -                | 5,240            |
| <i>Anticipated Unusual Expense:</i>         |                  |                  |
| Staffing Contingency                        | 200,000          | 200,000          |
| <i>Operations Spanning Multiple Years:</i>  |                  |                  |
| Commitments Outstanding                     | 72,395           | 117,496          |
| Future Years' Operating Budget Requirements | 1,603,002        | 773,000          |
| School Surplus                              | 3,163            | 8,040            |
| <b>Total Internally Restricted</b>          | <b>2,064,143</b> | <b>1,191,444</b> |
| <b>Unrestricted</b>                         | <b>841,704</b>   | <b>878,200</b>   |
| <b>Total Accumulated Operating Surplus</b>  | <b>2,905,847</b> | <b>2,069,644</b> |

## 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, 2026, the District's liquidity ratio is 1.11.



### 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.

|                               | 2021/22    | 2022/23    | 2023/24    | 2024/25    | 2025/26     |
|-------------------------------|------------|------------|------------|------------|-------------|
| Unrestricted Surplus          | 734,336    | 1,925,545  | 1,471,801  | 878,200    | 841,704     |
| Internally Restricted Surplus | 2,347,826  | 1,193,434  | 837,711    | 1,191,444  | 2,064,143   |
| Total                         | 3,082,162  | 3,118,979  | 2,309,512  | 2,069,644  | 2,905,847   |
| Revenue                       | 72,008,419 | 79,423,695 | 89,677,172 | 96,849,220 | 101,635,531 |
| Percentage                    | 4.3%       | 3.9%       | 2.6%       | 2.1%       | 2.9%        |

The historic trend shows a decrease in the accumulated operating surplus as a percentage of revenue. This was the result of purposeful investments in the District's strategic priorities to enhance learning opportunities for today's students. The accumulated operating surplus reached the minimum level as established by Board policy and can no longer be relied on to fund District strategic priorities.

## 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.

| <b>Buildings</b>         | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| Gross Assets             | 241,057,544    | 251,305,267    | 264,043,694    | 266,881,425    | 275,961,974    |
| Accumulated Amortization | 48,810,415     | 54,750,010     | 61,247,972     | 67,623,158     | 74,882,554     |
| <b>Ratio</b>             | <b>0.20</b>    | <b>0.22</b>    | <b>0.23</b>    | <b>0.25</b>    | <b>0.27</b>    |

| <b>Furniture, Equipment and Vehicles</b> | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> |
|------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Gross Assets                             | 5,192,355      | 5,522,576      | 6,276,483      | 6,811,243      | 6,735,534      |
| Accumulated Amortization                 | 1,292,809      | 1,739,279      | 2,329,232      | 2,972,866      | 3,322,956      |
| <b>Ratio</b>                             | <b>0.25</b>    | <b>0.31</b>    | <b>0.37</b>    | <b>0.44</b>    | <b>0.49</b>    |

| <b>Computer Hardware</b> | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| Gross Assets             | 3,491,383      | 3,076,380      | 3,086,094      | 2,646,071      | 2,906,728      |
| Accumulated Amortization | 1,868,094      | 1,754,271      | 1,513,192      | 1,432,665      | 1,355,060      |
| <b>Ratio</b>             | <b>0.54</b>    | <b>0.57</b>    | <b>0.49</b>    | <b>0.54</b>    | <b>0.47</b>    |

| <b>Total</b>             | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| Gross Assets             | 249,741,282    | 259,904,223    | 276,338,739    | 276,338,739    | 285,604,236    |
| Accumulated Amortization | 51,971,318     | 58,243,560     | 72,028,689     | 72,028,689     | 79,560,570     |
| <b>Ratio</b>             | <b>0.21</b>    | <b>0.22</b>    | <b>0.26</b>    | <b>0.26</b>    | <b>0.28</b>    |

The ratio for buildings has been slowly increasing since 2021/22 when significant capital investments were made to District schools, including New Westminster Secondary ("NWSS") and Skwo:wech Elementary. The District regularly assesses its buildings through five-year major and minor capital plan processes. Refer to the Capital Fund section for details on current capital projects supported by the Ministry of Infrastructure. Annual facilities grant funds are used to address ongoing maintenance and improvements at schools.

The increasing ratio for furniture, equipment and vehicles suggests that investments will be important in future years.

Significant investments in student and staff computer hardware were made in 2025/26 resulting in the decreased ratio for the current year. Consistent investments in future years will be important to meet the District's technology needs.

## 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 2025/26, \$19.152 million in special purpose fund contributions was received and \$18.427 million was spent. As at June 30, 2026, \$2.610 million in special purpose funds remain available for designated purposes in future years.

The District incurred the following expenditures in 2025/26, as related to significant special purpose funds.

| Program                                                      | Funding Source | 2025/26 Grant | 2025/26 Expense | Purpose                                                                                                                                             |
|--------------------------------------------------------------|----------------|---------------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Annual Facility Grant                                        | MECC           | \$235,916     | \$235,916       | Planned maintenance of facilities.                                                                                                                  |
| Learning Improvement Fund                                    | MECC           | \$328,194     | \$328,194       | Augment EA hours, providing additional support to complex learners.                                                                                 |
| Scholarships and Bursary                                     | Other          | \$68,959      | \$94,284        | Provide financial support for post-secondary education to graduating grade 12 students.                                                             |
| School Generated Funds                                       | Other          | \$2,062,484   | \$2,048,300     | Funds that are collected and paid out through school accounts in support of school-based programs.                                                  |
| Strong Start                                                 | MECC           | \$102,000     | \$102,000       | 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           | \$22,050      | \$22,050        | 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           | \$224,744     | \$234,829       | Deliver and enhance Core French language programs and curriculum resources.                                                                         |
| Community LINK                                               | MECC and Other | \$1,790,898   | \$1,790,898     | 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           | \$11,281,895  | \$11,281,895    | Address additional teacher staffing, overhead and remedy costs resulting from restoration of class size and composition language.                   |
| Mental Health in Schools                                     | MECC           | \$52,000      | \$52,000        | Support mental health for children and youth in schools.                                                                                            |
| Seamless Day Kindergarten                                    | MECC and Other | \$183,573     | \$188,099       | Provide before and after school care in kindergarten classrooms and support learning alongside the classroom teacher                                |
| Just B4                                                      | MECC and Other | \$44,930      | \$48,802        | Provide a play-based program to support young learners in the years leading into Kindergarten.                                                      |

|                                                |                             |             |           |                                                                                                                       |
|------------------------------------------------|-----------------------------|-------------|-----------|-----------------------------------------------------------------------------------------------------------------------|
| Early Care & Learning (ECL)                    | MECC                        | \$570,474   | \$182,343 | Expand access to affordable, quality child care on school grounds and grow relationships with partner groups.         |
| Feeding Futures & National School Food Program | MECC And Other              | \$1,007,465 | \$808,100 | Create and expand local school food programs so that more students have access to healthy meals and snacks at school. |
| Professional Learning Grant                    | MECC                        | \$-         | \$202,321 | Support students' literacy development in the K-12 school system.                                                     |
| Queensborough Bus (end of 3-year Pilot)        | MECC and Other              | \$284,886   | \$450,617 | Provide a dedicated bus service for NWSS students living in Queensborough.                                            |
| Apprentice Program                             | Industry Training Authority | \$120,200   | \$83,750  | Enable students to apply trade-specific training and explore career options in the trades.                            |
| Transitional Bus Funding                       | MECC                        | \$400,000   | \$-       | One-time funding to support transition to a new and sustainable program for NWSS students living in Queensborough.    |
| Provincial Literacy Event                      | MECC                        | \$85,000    | \$-       | Support the planning, coordination and delivery of a provincial literacy event in May 2027.                           |

## CAPITAL FUND

The net book value of tangible capital assets is \$258.7 million as at June 30, 2026 (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 2025/26 school year, as detailed in the table below. 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                                                                                                               |
|------------------------------------------------------------|--------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Queen Elizabeth Elementary                                 | Expansion          | June 2021         | Targeted for completion in early 2027                                                                                         |
| Simcoe Elementary (currently going through naming process) | New School         | Fall 2026         | Targeted for completion in 2028/29 school year                                                                                |
| New Westminster Secondary                                  | School Replacement | Spring 2017       | January 2021; demolition of old school site completed in June 2024; Memorial Park expected to complete in 2026/27 school year |

### Lord Tweedsmuir Campus Redevelopment

In March 2026, the District received support from the Ministry of Infrastructure for redevelopment of the Lord Tweedsmuir Elementary site. The District is actively working on business case development which, alongside the recently completed Long Range Facility Plan, will help determine the size and configuration of the new campus.



## Other Capital Funded Projects

In addition, the Province provided the District funding for the following capital programs in 2025/26:

| Capital Program                | 2025/26 Funding | 2025/26 Expenses | Description                                                                                                                                                                                                                                          |
|--------------------------------|-----------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Annual Facility Grant          | \$1,419,514     | \$1,419,514      | Funding is provided to address repair and maintenance priorities at schools to ensure facilities are safe and functioning well. Projects for 2025/26 included electrical, mechanical, facility, accessibility and site upgrades across the District. |
| School Enhancement Program     | \$1,000,000     | \$1,000,000      | Funding is provided to help the District extend the life of their facilities through a wide range of improvement projects. Work was done on an electrical upgrade at Lord Tweedsmuir Elementary in 2025/26.                                          |
| Carbon Neutral Capital Program | \$470,000       | \$470,000        | Funding is provided for energy-efficient projects that lower carbon emissions in the District. Herbert Spencer Elementary received HVAC system enhancements in 2025/26.                                                                              |



## Capital Fund Balances

| Capital Fund             | Description                                                                                                                | As at June 30, 2026 | As at June 30, 2025 | Change (\$) |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|-------------|
| Bylaw Capital            | Represents funds drawn on Certificates of Approval ("COA") 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. | -                   | -                   | -           |
| Other Provincial Capital | Capital funding received from the Province which is not included in a COA (eg. New Spaces Fund for childcare centres).     | -                   | -                   | -           |
| Land Capital             | Funds received from the City of New Westminster for school site acquisition charges, plus accrued interest.                | \$1,013,955         | \$975,688           | \$38,267    |
| 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.                     | \$691,671           | \$183,494           | \$508,177   |

Changes in the local capital balance are summarized below.

|                                             |                   |
|---------------------------------------------|-------------------|
| <b>Local Capital Balance, June 30, 2025</b> | <b>\$ 183,494</b> |
| Board approved transfers to local capital:  |                   |
| Technology and aged maintenance equipment   | 575,000           |
| Board approved uses of local capital:       |                   |
| Maintenance equipment                       | (75,439)          |
| Interest Allocation                         | 8,616             |
| <b>Local Capital Balance, June 30, 2026</b> | <b>\$691,671</b>  |

The Board approved the transfer of \$575,000 to local capital as part of the 2025/26 amended budget to address technology and maintenance capital needs. \$75,439 of this amount was spent in 2025/26. The other balance in the local capital fund is to address long-term capacity needs.

## LONG TERM OUTLOOK

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

### **Enrolment Growth and Capacity Constraints**

Our District is currently experiencing significant capacity pressures brought on by a growing student population and a severe lack of space at our existing schools. Short-term capacity challenges and bridging solutions needed to address them create a financial risk in how to provide these additional resources under the current Ministry funding envelope. Until new schools are built to create capacity, the District must fund the purchase of portables and related furniture as well as any other operational measures to create capacity (such as program relocations, timetable changes, etc.) through its operating dollars.

### **International Education Program**

The District relies on the International Education Program to provide an additional source of revenue to reduce the gap on operating grant funding shortfalls. The economic and geo-political climate as well as capacity constraints have impacted the ability to recruit more international students to the District. Enrolment variances 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 as the program generates more revenues than it has costs. If the International Program enrolment decreases in the short-term, pressures may be felt district-wide as reductions will need to be made across the system.

### **Inflationary Cost Pressures**

While the Ministry funds districts for contractually negotiated wage increases, it does not generally provide funding for inflationary or statutory cost increases. The District's share of benefit premiums, relating to the Canada Pension Plan, WorkSafe and extended health and dental plans, for all employee groups has significantly increased in the past couple of years. Continued increases in these costs are not sustainable and will add financial pressure to the District's budget.

Of particular note is the uncertainty of tariffs as applied to various goods that cross our border. The costs of everyday classroom items are increasing and no funding has been provided to relieve these pressures.

### **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.

Further, the District must pay for feasibility studies of various projects and these do not get reimbursed until funding approval is received. This could take a number of years, leaving the District to manage its cash flows and resources wisely and assume the risk of the expense if no project is approved.



## **Technology**

The demand for technology continues at a rapid pace and necessitates the integration of modern hardware, software, and systems into the District's education framework, requiring increased financial resources to ensure effective service provision. The District also recognizes the importance of providing the required services and building effective security controls to ensure that District information and financial assets are secure and protected. Strong cybersecurity measures are critical to protect the District's data and infrastructure from unauthorized access and breaches. The District continues to review and make enhancements to systems and policies related to privacy management, including data retention. This work will require additional financial resources.

## **Other assets**

Existing District budget allocations are not enough to support the procurement, maintenance or timely replacement of District assets. This means that furniture, equipment, 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.

## **Strategic Plan**

The District is guided, as we always have been, by our strategic plan which covers 2025–2030. More details of the strategic plan and highlights of accomplishments can be found on the website at [www.newwestschools.ca](http://www.newwestschools.ca).

