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Introduction

The following Financial Statement Discussion and Analysis should be read in conjunction with the audited financial statements for the year ended June 30, 2021.

The purpose of this report is to provide readers with a better understanding of the school district's financial statements and to assess the overall financial condition of the district.

District Overview

The Abbotsford School District is the eighth largest district in the province and has 46 schools that are attended by almost 20,000 full and part time students. The district operates 30 elementary schools, 8 middle schools, 1 combined middle-secondary school, and 7 secondary schools. The district employs over 2,200 full and part time teaching and support staff who are committed to helping students succeed. A variety of quality programs are offered to meet unique learning needs and engage students in stimulating and relevant educational experiences.

The Abbotsford School District honors the traditional territory of the Sto:lo people, the Sema:th First Nation and Mathxwi First Nation. It is with respectful consideration that the programs and services provided to students and families are sensitive to the cultural protocols of these two communities.

Land Acknowledgement

Éy swáyel.

We acknowledge the Abbotsford School District is located on the traditional and unceded territory of the Stó:lō people, the Semá:th First Nation and Mathxwí First Nation. With this, we respect the longstanding relationships that Indigenous Nations have to this land, as they are the original caretakers.

Our Commitment

The Abbotsford School District acknowledges historical and ongoing injustices that Indigenous Peoples endure in Canada, and we accept responsibility as a public educational institution to contribute toward revealing and correcting miseducation as well as renewing respectful relationships with Indigenous communities through our teaching a community engagement.



Strategic Plan

The Board of Education remains committed to upholding a strategic plan that maintains respect as its foundation, enables opportunity as the key part of its mission, and innovation as a means to success.

- **MISSION:** Preparing an inspiring our student for a lifetime of success through respect, opportunity, and innovation.
- **VISION:** A world-class, innovative an individualized educational experience for every student.

In 2016, we developed a refreshed Strategic Plan that will lead the district forward. This bold plan is aimed at making Abbotsford a national leader in education. Our vision is to develop a world-class, innovative, and individualized educational experience for every student.



Progressive
Workforce

We provide a workplace that fosters creativity, inspires excellence, and challenges everyone to embrace growth



Engaging
Opportunities

We provide engaging opportunities for every member of our learning community to contribute to student success.



Optimized
Resources

We are creative and responsible in the management of educational resources.



Student
Success

Our students are engaged, challenged and prepared for a lifetime of success.

Accounting Policies

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

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

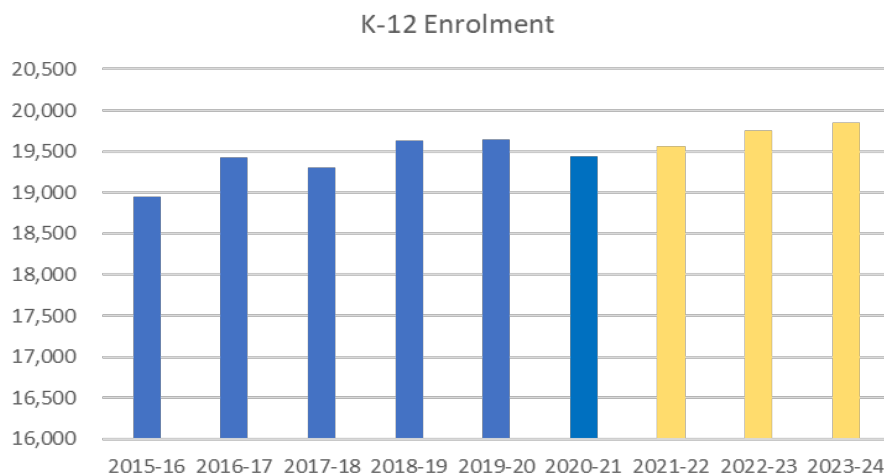
COVID-19 Pandemic

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant financial, market and social dislocating impact worldwide. Under direction of the Provincial Health Officer, all schools suspended in-class instruction in March 2020 and the District remained open to continue to support student and families in a variety of ways. School resumed with both in-person and online instruction in September 2020 with increased health and safety guidelines in place. Funding from both the Provincial and Federal governments contributed to schools successfully operating throughout the entire school year. While the pandemic has progressed through numerous stages of severity, and vaccines have been widely distributed, the impact continues to present uncertainty over future cash flows and may have a significant impact on future operations including decreases in revenue, impairment of receivables, reduction in investment income and delays in completing capital project work.

Financial Analysis

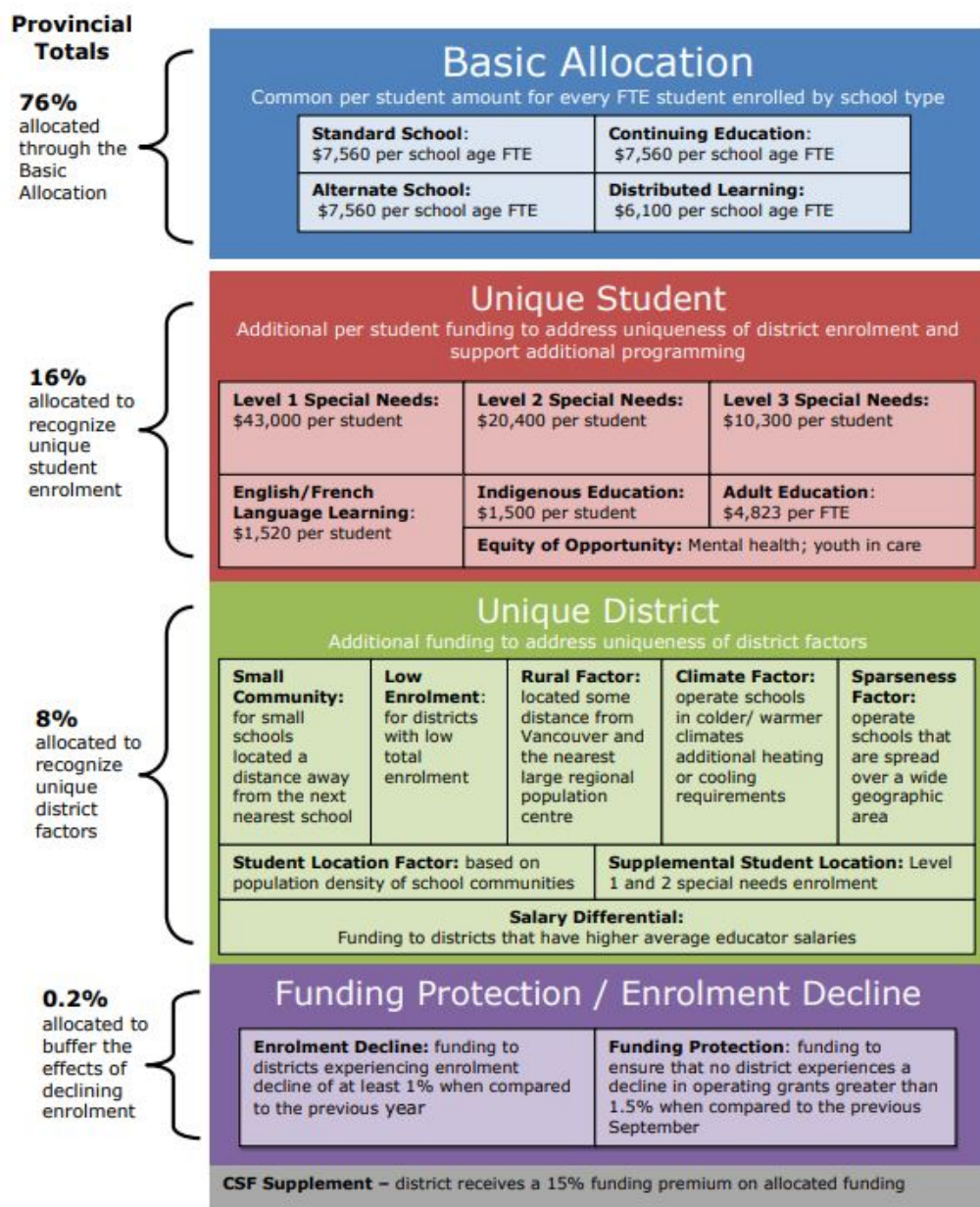
Enrolment

Student enrolment represents the key component for determining both the operating revenue and staffing costs in the school district. Enrolments have been relatively stable showing slight decrease in



2020-21, primarily because of the COVID-19 pandemic. Enrolments are expected rebound in 2021-22 with slight growth expected for the next three years.

The district is funded primarily through provincial operating grants from the Ministry of Education. These grants are based on student enrolment, mainly from a September enrolment count, but also supplementary counts in February, May and July. The province provides a per full-time equivalent (FTE) allocation for each student along with supplementary funding for students with unique needs and for other demographic factors. Below is a summary of how the provincial funding is allocated.



Financial Reporting

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

- **OPERATING FUND:** The operating fund includes operating grants and other revenues used to fund day-to-day operations including instructional programs, school and district administration, facilities operations, maintenance, and transportation.
- **SPECIAL PURPOSE FUND:** Special purpose funds consist of targeted funding provided to the school 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. The fund reports the financial activities for tangible capital assets as per Ministry accounting policy.

Statement of Financial Position

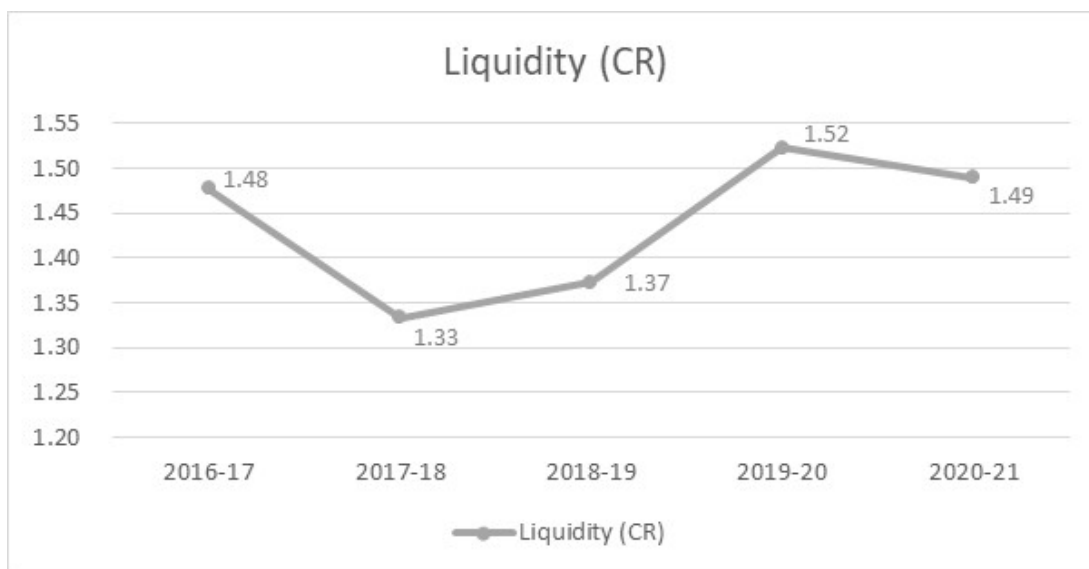
The Statement of Financial Position (balance sheet) presents the school district's financial assets and liabilities at the fiscal year end. It provides a comparative analysis of the district's net financial position for fiscal years ending June 30, 2020 and June 30, 2021 along with the year over year change.

Statement of Financial Position	2020-21	2019-20	Change
Financial Assets			
Cash and Cash Equivalents	60,492,083	54,410,041	6,082,042
Accounts Receivable			
Due from Province - Ministry of Education	262,585	411,540	(148,955)
Due from First Nations	88,223	105,397	(17,174)
Other	929,915	539,765	390,150
Total Financial Assets	61,772,806	55,466,743	6,306,063
Liabilities			
Accounts Payable and Accrued Liabilities			
Other	15,831,422	11,756,884	4,074,538
Unearned Revenue	3,743,089	3,650,269	92,820
Deferred Revenue	2,858,011	2,641,787	216,224
Deferred Capital Revenue	161,347,726	158,621,268	2,726,458
Employee Future Benefits	9,643,202	9,296,566	346,636
Other Liabilities	9,393,530	9,069,666	323,864
Total Liabilities	202,816,980	195,036,440	7,780,540
Net Debt	(141,044,174)	(139,569,697)	(1,474,477)
Non-Financial Assets			
Tangible Capital Assets	210,199,760	204,106,305	6,093,455
Prepaid Expenses	771,403	1,118,101	(346,698)
Total Non-Financial Assets	210,971,163	205,224,406	5,746,757
Accumulated Surplus (Deficit)	69,926,989	65,654,709	4,272,280

- Cash increased by \$6.1 million primarily because of increased payables due at year end, along with some reduced spending caused by the COVID-19 pandemic. Of the total cash balance \$35.9 million is held in the Ministry of Finance in the Provincial Central Deposit Program.
- Due from Province – Ministry of Education decreased by \$148,955 due to the timing of drawing funds for capital purposes.
- Accounts payable increased by almost \$4.1 million.
- Tangible capital assets increased by \$6.1 million because of current capital projects under construction in the district (new elementary school on Eagle Mountain, Abbotsford Traditional Secondary seismic upgrade)

Analysis of Financial Health

Liquidity ratio looks at the ratio of current financial assets to liabilities (excluding deferred capital revenue) to see if there are sufficient current assets on hand to meet current liabilities. A liquidity ratio greater than 1 means that sufficient current assets are on hand to meet these liabilities.



Net Debt or Net Financial Assets

Net Debt or Net Financial Assets is a term unique to public sector financial reporting. It is reported in the Statement of Financial Position and represents the difference between the school district's financial assets and total liabilities at a point in time. This provides a measure of the future revenues required to pay for past transactions and events. In our case Deferred Capital Revenues are used to fund the amortization of tangible capital assets in future years.

Accumulated Amortization to Assets

The Accumulated Amortization to Assets ratio is a financial measurement tool that calculates the age, value and remaining useful life of a fixed asset. A low ratio may indicate that the assets have plenty of life left while a high ratio could indicate that asset will need replacement soon. The ratios below suggest that investments in new buildings and equipment and vehicles will be important over the next few years. In addition, some technology software and hardware (servers and switches) that have been capitalized are now nearing end of life and will require future investment. Note this does not include leased end-user technology equipment that is replaced regularly every four to five years through operating leases.

Buildings	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Assets	324,695,934	327,528,960	330,140,560	331,951,389	335,692,529
Accumulated Amortization	149,828,748	157,185,778	164,584,939	172,004,007	179,471,461
Ratio	0.46	0.48	0.50	0.52	0.53
Furniture, Equipment & Vehicles	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Assets	12,240,564	12,503,383	11,921,756	11,673,840	12,020,291
Accumulated Amortization	5,977,805	6,190,988	6,127,609	5,848,045	6,212,487
Ratio	0.49	0.50	0.51	0.50	0.52
Computer Software/Hardware	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Assets	7,444,147	5,049,369	4,706,383	4,441,579	5,510,944
Accumulated Amortization	5,021,210	1,680,232	2,189,387	2,687,897	2,817,503
Ratio	0.67	0.33	0.47	0.61	0.51
TOTAL	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Assets	344,380,645	345,081,712	346,768,699	348,066,808	353,223,764
Accumulated Amortization	160,827,763	165,056,998	172,901,935	180,539,949	188,501,751
Ratio	0.47	0.48	0.50	0.52	0.53

Consolidated Statement of Operations

This reports all revenues and expenses over the fiscal period from all three funds. Information on each fund is reviewed separately later in this report.

	2020-21	2020-21 Budget	Variance to Budget	2019-20	Variance to 2019-20
Revenues					
Provincial Grants					
Ministry of Education	216,548,446	206,929,686	9,618,760	204,427,877	12,120,569
Other	396,991	225,000	171,991	533,909	(136,918)
Federal Grants	13,181	-	13,181	59,204	(46,023)
Tuition	2,912,257	2,510,000	402,257	6,576,564	(3,664,307)
Other Revenue	4,458,241	8,403,544	(3,945,303)	7,565,064	(3,106,823)
Rentals and Leases	246,586	300,000	(53,414)	251,229	(4,643)
Investment Income	472,092	477,500	(5,408)	701,286	(229,194)
Amort. of Deferred Capital Revenue	7,646,367	7,460,697	185,670	7,595,914	50,453
Total Revenue	232,694,161	226,306,427	6,387,734	227,711,047	4,983,114
Expenses					
Instruction	186,638,449	186,723,051	(84,602)	184,760,266	1,878,183
District Administration	6,029,101	5,903,216	125,885	6,237,581	(208,480)
Operations and Maintenance	31,368,417	31,324,926	43,491	31,210,995	157,422
Transportation and Housing	4,385,914	4,265,697	120,217	4,035,364	350,550
Total Expense	228,421,881	228,216,890	204,991	226,244,206	2,177,675
Surplus (Deficit) for the year	4,272,280	(1,910,463)	6,182,743	1,466,841	2,805,439

Ministry grants increased from both the budget and the prior year primarily due to additional provincial and federal COVID-19 funding provided to keep schools operating throughout the school year.

International student revenues were significantly lower than the prior year but did exceed the planned budget estimates. These revenues are expected to continue to increase to previous levels in the coming years.

Other revenue decreased by \$3.1 million from the prior year as a result of lower school generated funds (special purpose fund) and decreased rental revenues (operating fund), both resulting from the COVID-19 pandemic.

Expenditure changes result from the combined effect of increased wage settlements and the operational changes stemming from operating schools throughout the pandemic. Overall expenditures in 2020-21 are 0.09% over the budget estimates.

The net surplus for the year is comprised of an operating surplus of \$0.098 million and a \$4.174 million capital surplus.

Significant Events

The COVID-19 pandemic continued to impact the school district throughout the school year. In September 2020 the school district resumed with both in-person and online instruction with increased health and safety guidelines in place. Funding from both the Provincial and Federal governments contributed to schools successfully operating throughout the entire school year.

Provincial – Safe Return to School Grant

Additional custodians	834,818
Increased hand hygiene	332,838
Cleaning supplies	185,112
Personal protective equipment (masks)	76,203
Technology support for remote learning	99,569
Total	1,528,540

Federal – Safe Return to Class Fund

Additional staffing (36 teachers, 19 support staff)	4,203,535
Learning resources & supports	515,063
Health & Safety supports	220,540
Enhanced cleaning supplies & equipment	927,473
Physical barriers	235,703
HVAC improvements	691,368
Personal protective equipment (masks)	79,962
Transportation services	385,191
Carried forward to 2021-22	498,480
Total	7,757,315

\$9.3 million

IN SAFE RETURN TO
SCHOOL GRANTS

**DAILY HEALTH
CHECKS**

staff & students

\$4.6 million

IN LOST
REVENUE

92,000

MASKS
PLUS AN ADDITIONAL
37,000 DONATED

3,400

PHYSICAL
BARRIERS

2.7 MILLION

SANITIZING
WIPES

360

HAND
WASHING
STATIONS

20,000 L

HAND
SANITIZER

244

COMPUTERS
to assist with
remote learning

Consolidated Accumulated Surplus

Accumulated Surplus	2020-21	2019-20
Invested in tangible capital assets	55,498,308	52,000,101
Local capital surplus	6,519,291	5,843,617
Total capital surplus	62,017,599	57,843,718
Operating surplus	7,909,390	7,810,991
Total Accumulated Surplus	69,926,989	65,654,709

Operating Fund

Statement of Operating Operations

This statement of revenue and expenditures reflects the day-to-day operations of the district for the year. The following schedule compares the results for the period ending June 30, 2021 against the budget for the year and the results of the prior year.

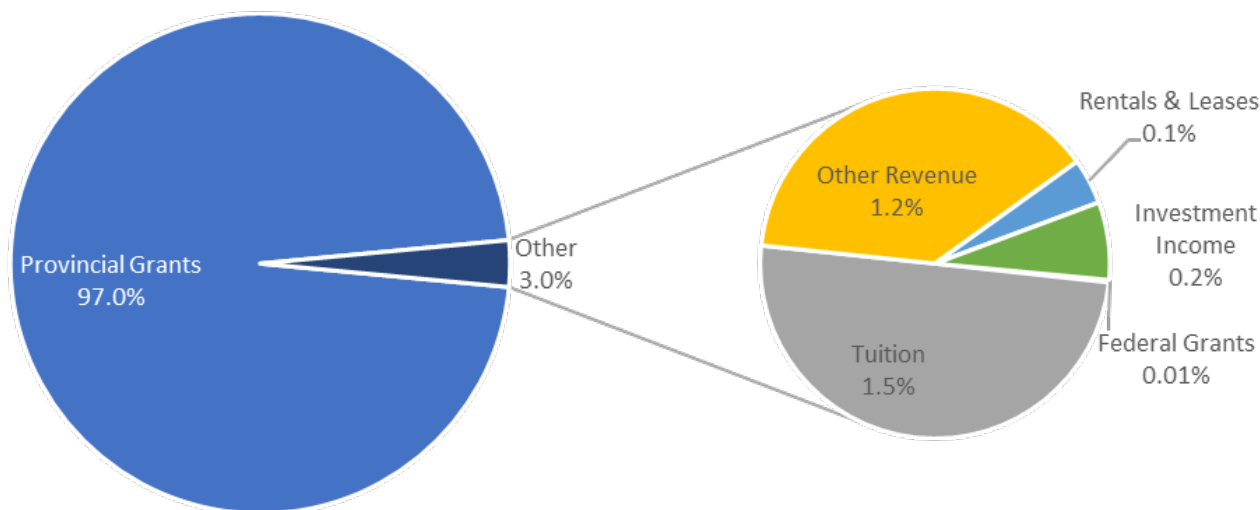
Operating Fund	2020-21	2020-21 Budget	Variance to Budget	2019-20	Variance to 2019-20
REVENUE					
Provincial Grants, MOE	188,661,355	190,702,436	(2,041,081)	186,184,717	2,476,638
Provincial Grants, Other	163,295	225,000	(61,705)	272,236	(108,941)
Federal Grants	13,181	-	13,181	59,204	(46,023)
Tuition	2,912,257	2,510,000	402,257	6,576,564	(3,664,307)
Other Revenue	2,241,613	2,467,544	(225,931)	3,053,872	(812,259)
Rentals & Leases	246,586	300,000	(53,414)	251,229	(4,643)
Investment Income	418,634	450,000	(31,366)	619,065	(200,431)
Total Revenue	194,656,921	196,654,980	(1,998,059)	197,016,887	(2,359,966)
EXPENSE					
Teachers	85,581,110	87,625,000	(2,043,890)	86,781,631	(1,200,521)
Principals & Vice-Principals	11,019,248	11,520,000	(500,752)	10,881,000	138,248
Education Assistants	16,140,546	16,632,000	(491,454)	16,141,551	(1,005)
Support Staff	14,828,192	15,197,000	(368,808)	14,580,972	247,220
Other Professionals	4,459,249	4,540,000	(80,751)	4,425,681	33,568
Substitutes	4,789,784	5,700,000	(910,216)	4,126,629	663,155
Total Salaries	136,818,129	141,214,000	(4,395,871)	136,937,464	(119,335)
Employee Benefits	34,213,947	35,220,000	(1,006,053)	35,115,315	(901,368)
Total Salary & Benefits	171,032,076	176,434,000	(5,401,924)	172,052,779	(1,020,703)
Services & Supplies	19,680,906	20,000,000	(319,094)	21,980,344	(2,299,438)
Total Expense	190,712,982	196,434,000	(5,721,018)	194,033,123	(3,320,141)
Net Revenue (Expense)	3,943,939	220,980	3,722,959	2,983,764	960,175
Total Interfund Transfers	(3,845,540)	(1,200,000)	(2,645,540)	(2,897,417)	(948,123)
Surplus (Deficit) for Year	98,399	(979,020)	1,077,419	86,347	12,052

Revenue

In 2020-21, 97% of the revenue reported in the Operating Fund was received from the Ministry of Education through operating grants. Operating grant revenues reflect the 2020-21 enrolments and includes funding for wage settlements. The remaining revenue is received through International student tuition fees, rentals and leases of district property, user fees and investment income.

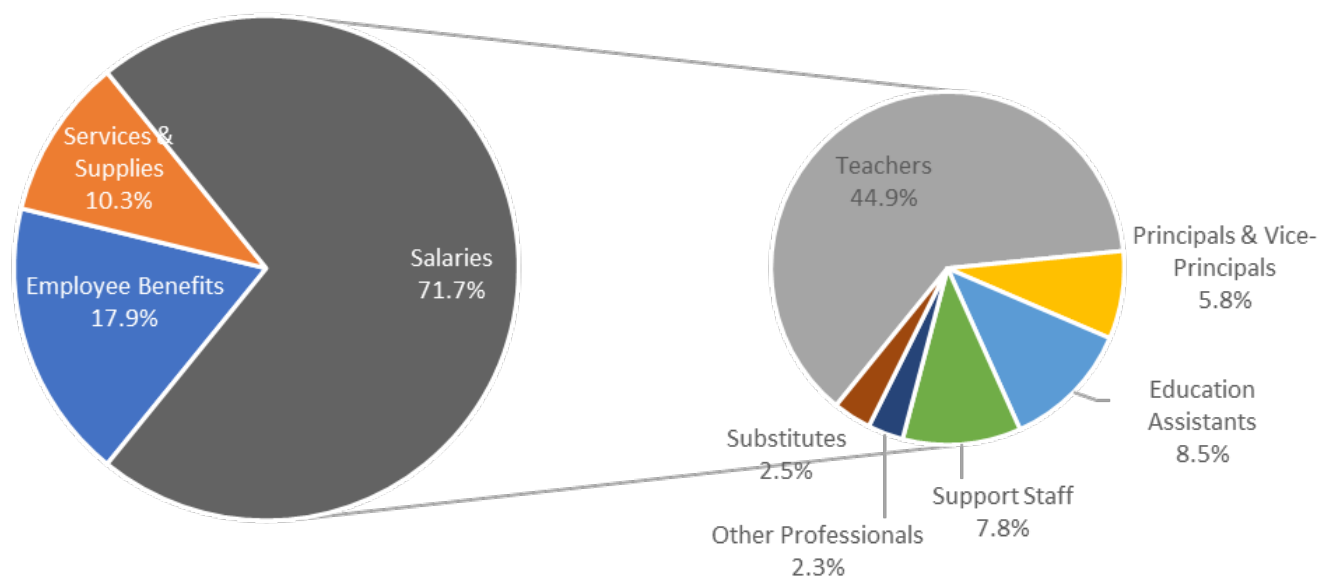
Tuition revenue for international student fees exceeded the 2020-21 budget expectations, however was almost \$3.7 million lower than the previous year. These variances are a result of travel restrictions created by the COVID-19 pandemic.

Revenue from rentals of facilities is lower than budget due to facility use restrictions caused by the COVID-19 pandemic. Lower than expected interest rates on funds in the Central Deposit Program (CDP) results in lower interest income in 2020-21.



Expenditures

Employee salaries and benefits account for over 89.7% of the operating expenses in the district, which is slightly more than the previous year of 88.7%.

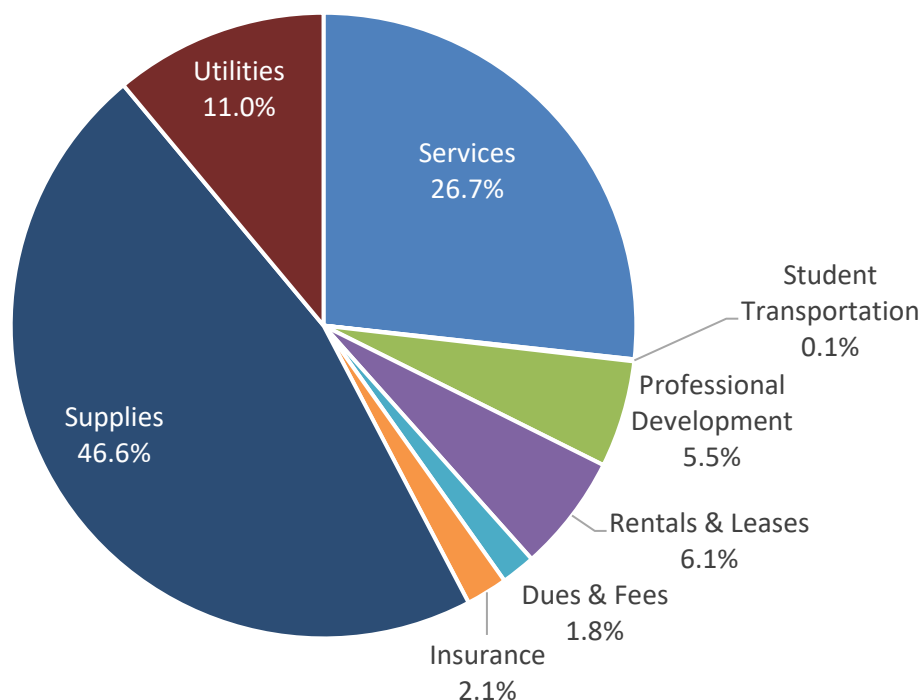


Generally, staffing levels are driven by enrolments whether they are teachers or support staff, so it is crucial to effectively plan and monitor student enrolment.

FULL TIME STAFFING	2020-21	2019-20
TEACHERS	1,146	1,176
PRINCIPALS/VP	85	87
EDUCATION ASSISTANTS	403	413
SUPPORT STAFF	341	350
OTHER PROFESSIONALS	44	42

Total salary costs are not significantly different from the previous year. They vary from budget due to lower enrolments and changes in school operations arising from the COVID-19 pandemic. In response to pandemic related concerns, special programs were established in 2020-21 to provide flexible program delivery to students. These programs were funded primarily through federal funds reported in the Special Purpose fund. Budget variances in supplies and services are not overly significant.

Overall spending decreased \$3.3 million from the prior year.



Accumulated Surplus (Operations)

The Board of Education values sound financial stewardship and takes responsibility for managing its financial resources. Accumulated surpluses and reserves are an important factor in determining the financial health of the school district. These resources are designed to help plan for future expenditures and protect the district from unforeseen financial and operating events or circumstances to avoid affecting services to students. An unrestricted operating surplus of between 2% and 3% of total revenues is the optimal target established by the Board. In 2020-21, the unrestricted accumulated surplus sits at 1.7% of total revenue.

The district ended the 2020-21 year with an accumulated operating surplus of \$7,909,390 of which \$4,624,780 was internally restricted for specific purposes and \$3,284,610 is unrestricted.

Accumulated Surplus (Operations)	2020-21	2019-20
Internally Restricted due to constraints on funds	139,030	237,865
Internally restricted for planned future operations	2,949,124	3,150,075
Internally restricted for future requirements	1,536,626	2,233,786
Unrestricted operating surplus	3,284,610	2,189,265
Total Accumulated Operating Surplus	7,909,390	7,810,991



The table below provides further details on the accumulated operating surplus along with details on specific restrictions.

Accumulated Surplus (Operations)	2020-21	2019-20
Internally restricted:		
Internally Restricted due to constraints on funds		
Indigenous education	106,941	106,222
ACE-IT surplus	32,089	131,643
Internally restricted for planned future operations		
School budget carry-overs	2,345,007	2,866,245
District supported StrongStart	144,520	119,341
Learning commons project	2,835	69,292
Around School program	55,361	95,197
Support for learning (2021 holdback)	401,401	-
Internally restricted for future requirements		
Strategic plan initiatives	512,000	512,000
IT Infrastructure	600,000	1,000,000
Abby Arts PCIF	133,714	120,082
Support for equity initiatives	290,912	400,048
Other	-	201,656
Unrestricted operating surplus	3,284,610	2,189,265
Total Accumulated Surplus (Operations)	7,909,390	7,810,991

Special Purpose Funds

Special purpose funds are funds received by the district and designated for a specific use. The district receives funds from the Ministry of Education, the Federal government and from other sources. The details of special purpose funds are below:

Fund	Current Year	Purpose
Annual Facility Grant	691,973	Planned maintenance of facilities.
Learning Improvement Fund	674,161	Supplementary funding for support staff to provide services to students.
School Funds	2,027,572	School funds includes fundraising for school purposes as well as funds that are collected and paid out through school accounts in support of school-based programs.
Strong Start	352,000	A free early learning program located in schools, created through agreement between the Ministry and school districts.
Ready, Set, Learn	84,119	Intended to assist support a young child's early learning and development.
OLEP (French Language)	177,158	Federal funds to support our French immersion program.
Community LINK	1,240,748	Supports programs and services to improve educational outcomes of vulnerable students.
Classroom Enhancement Fund – Overhead	434,835	Funding to implement the Memorandum of Understanding regarding restoration of provisions in the Teacher's Collective Agreement.
CEF – Staffing	10,947,413	
CEF – Remedy	656,874	
First Nation Transportation	5,809	Special funding from the Ministry of Education to provide transportation to First Nations students.
Mental Health in Schools	35,912	Funding to support mental health and substance use challenges for children and youth in schools.
Changing Results for Young Children	11,656	Funding to provide collaborative professional learning among early learning educators.
Provincial Resource Program (PRP)	195,679	Provides funding for the Abbotsford Adolescent Day Treatment Program.
IPALS	21,696	Support for immigrant parents in the community.
Early Years Centre		Program for families with children aged 0-6 to find necessary community supports.
Early Years Outreach	233,696	Program for families with children aged 0-6 to find necessary community supports.
Literacy Matters	50,378	A community organization to help students master literacy.
Community Support	116,982	A variety of small programs and grants supporting students and families in the district.
Safe Return to School Grant	1,528,538	Provincial funds to assist operating schools during the pandemic.
Federal Safe Return to Class Fund	7,258,835	Federal funds to assist operating schools during the pandemic.
Total	26,746,034	

Capital Fund

The net value of capital assets is \$210.2 million as at June 30, 2021 (see schedule 4A). These net costs represent the historical cost net of accumulated depreciation of all capital assets, they do not reflect current market value.

The school district has two major capital projects at various stages of progress as of June 30, 2021.

A new 460 student elementary school on Eagle Mountain and a major seismic upgrade at Abbotsford Traditional Secondary School (ATSS). The new elementary school is under construction and scheduled to open in the Fall of 2022. The seismic project at ATSS is also currently under construction and is scheduled to be completed in February 2023.



Specific balances in the Capital Fund are as follows:

Capital Funds	as at June 30, 2021	as at June 30, 2020	Description
Bylaw capital	-	-	Represents funds drawn on Certificate of Approval (COA) for capital projects.
Restricted capital	101,487	100,342	Represents the Ministry's portion of the proceeds on disposal of land and building and any bylaw capital surplus from capital projects.
Other Provincial capital	1,783,831	1,940,364	Capital funding received from MCFD for an onsite childcare centre at the new elementary school on Eagle Mountain.
Land capital	4,754,989	4,434,627	Funds received from the City of Abbotsford for School Site Acquisition Charges.
Other capital	-	33,764	Includes capital grants received from and restricted by any entity not included in the Government Reporting Entity.
Local capital	6,519,291	5,843,617	Funds generated by the school district to be utilized for capital expenditures as determined by the school district.

The changes to local capital result from a more focused approach to identifying future capital requirements. These expenditures are not specifically funded by the Ministry of Education.

Local Capital	June 30, 2021	June 30, 2020
New elementary school on Eagle Mountain	2,303,731	2,277,743
Centralized program service centre	2,092,964	2,424,449
IT – Wireless access point upgrade	1,000,000	-
District vehicles	400,000	-
Building renovations – Abbotsford Sr Secondary	600,000	-
School/district equipment	122,596	1,141,425
Total Local Capital	6,519,291	5,843,617

Details of Local Capital:

- New elementary school on Eagle Mountain
 - The Ministry of Education required the Board to contribute \$2.5 million to this capital project. Approximately \$0.20 million has been allocated to date.
- Centralized program service centre
 - The Board currently operates four administrative buildings throughout the City of Abbotsford and believes consolidation to one facility, at the existing school board office, would improve efficiency and reduce both operating and future capital costs. (the Curriculum, Information technology and Indigenous departments all operate out of separate facilities.) This is ranked as a high priority in the 2020 Long Range Facilities Plan.
 - In addition to the local capital funds, this project will require the proceeds from the disposal of the other three sites in order to proceed.
 - The amount set aside for this project has been reduced slightly to ensure adequate funds exist for other local capital priorities.
- Information Technology – wireless access point upgrade
 - As part of the ongoing management of our information technology services, wireless access points in all schools and district sites are scheduled for replacement in 2021-22.
- District vehicles
 - There are 17 vehicles currently on the three-year replacement plan representing a cost of approximately \$0.80 million. Additional funds will be required to ensure the timely replacement of vehicles can be maintained. Overall, there are 114 different assets (vehicles, loaders, trailers, mowers, etc) in the district light fleet inventory.
- Building renovations – Abbotsford Senior Secondary
 - Funds have been set aside to pay for the renovation costs related to the conversion of Neighborhood Learning Centre (NLC) space into three additional classrooms. This work is expected to be completed in the spring of 2022.
- School/district equipment
 - This amount is to cover short term costs for photocopiers and other school/district equipment that is not part of an annual budget allocation.

In addition, the Ministry provides funding for the following capital programs:

Capital Program	Funding	Expense	Description
Annual Facility Grant (AFG)	2,558,737	2,558,737	AFG funding is provided to address repair and maintenance priorities at schools to ensure facilities are safe and functioning well. The amount reported include the AFG amount report in the special purpose fund. Projects this year included roofing replacements, boiler upgrades and painting projects.
School Enhancement Program (SEP)	811,364	811,364	The School Enhancement Program is an application-based program to help school districts extend the life of their facilities through a wide range of improvement projects. Projects in 2020-21 included washroom improvements, building enclosures, flooring upgrades and HVAC upgrades and boiler replacement.
Carbon Neutral Capital Program (CNCP)	736,210	736,210	The CNCP program provides funding for energy-efficiency projects that lower carbon emissions in the district. Mechanical/HVAC upgrades were completed during the year.
Building Envelope	2,355,212	2,355,212	Building envelope work as part of the Abbotsford Traditional seismic upgrade project.
School Buses	178,000	178,000	Replacement of school buses.
Playground Equipment Program (PEP)	125,000	123,405	The district received funding to purchase and install replacement playground equipment that is universal in design, and in compliance with accessibility measures as defined through the Canadian Standards Association CAN/CSA-Z614-14 (R2019): Children's Playspaces and Equipment .

Risks

There are a number of potential risks and other unknown factors that may have a financial impact on the district ranging from enrolment fluctuations to unexpected costs. The district has undertaken a comprehensive enterprise risk management plan that identifies areas of risk along with appropriate mitigation strategies. Some of the major areas of risk include:

- COVID-19 – the ongoing impact on school operations and finances stemming from the COVID-19 pandemic, although diminishing, are ongoing.
 - Strategic: Increased demands and pressure on staff and students may impact the district's strategic performance measures in the strategic plan.
 - Financial: The financial pressures on government created by the pandemic may result in provincial spending reductions impacting grants from the Ministry of Education. It is crucial for the district to maintain reasonable surpluses to mitigate any unexpected changes in funding or unexpected costs.
- Funding model review – The Ministry of Education is continuing its review of the K-12 funding model. It is not known at this time what specific changes will be implemented, but with provincial operating grants making up most of the district revenue, any negative shift may impact the level of programs and services offered in the district.
- International student program – Declines in International enrolment and the resulting loss of tuition revenue, due to the COVID-19 pandemic, has had a significant impact on school district operations. Revenues decreased by \$3.7 million in 2020-21 and a slower than anticipated

recovery is expected. The district will continue to centrally manage all school-based International allocations until this situation is stabilized.

- The district understands the information technology risks within the K-12 sector and recognizes the importance to build effective information technology security controls to ensure the privacy and security of district information and financial assets. Ongoing improvements in the district's security posture will require a financial commitment and changes to staffing levels, roles and responsibilities.
- Overall capacity of our school facilities sits at 102% district-wide which based on the projected enrolment growth will continue to put additional pressure on facilities. The new elementary school on Eagle Mountain, opening in 2022, will assist in managing this high utilization rate, however additional portable classroom spaces may be required.

Contingency

The annual operating budget provides limited contingencies for any unbudgeted or unforeseen costs that may arise. The unrestricted accumulated operating surplus is relied upon to absorb any unplanned budget changes.



2790 Tims Street
Abbotsford, BC V2T4M7
www.abbyschools.ca