

Table of Contents

Introduction	3
District Overview	3
Strategic Plan	4
Accounting Policies.....	5
COVID-19 Pandemic.....	5
Enrolment	5
Financial Analysis.....	7
Statement of Financial Position.....	7
Analysis of Financial Health	8
Net Debt or Net Financial Assets.....	8
Accumulated Amortization to Assets	9
Consolidated Statement of Operations.....	10
Consolidated Accumulated Surplus.....	11
Operating Fund.....	12
Statement of Operating Operations.....	12
Revenue	13
Expenditures.....	13
Accumulated Surplus (Operations).....	15
Special Purpose Funds	16
Capital Fund	18
Risks	20
Contingency	21

Introduction

The following Financial Statement Discussion and Analysis should be read in conjunction with the audited financial statements for the year ended June 30, 2022.

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 47 schools that are attended by almost 20,000 full and part time students. The district operates 31 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

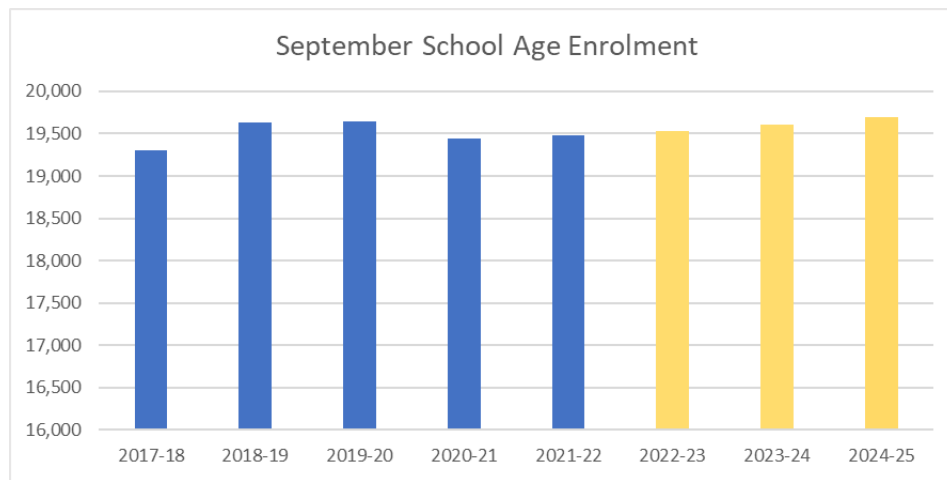
The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant financial, market and social dislocating impact worldwide. While the pandemic has progressed through numerous stages of severity, and vaccines have been widely distributed, the impact 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.

Weather Events

In November 2021 a severe weather event brought rain and flooding, prompting a local and provincial state of emergency. Two schools in the district were impacted by flooding, forcing temporary closures. Remediation, infrastructure and extraordinary operating costs were incurred throughout this state of emergency.

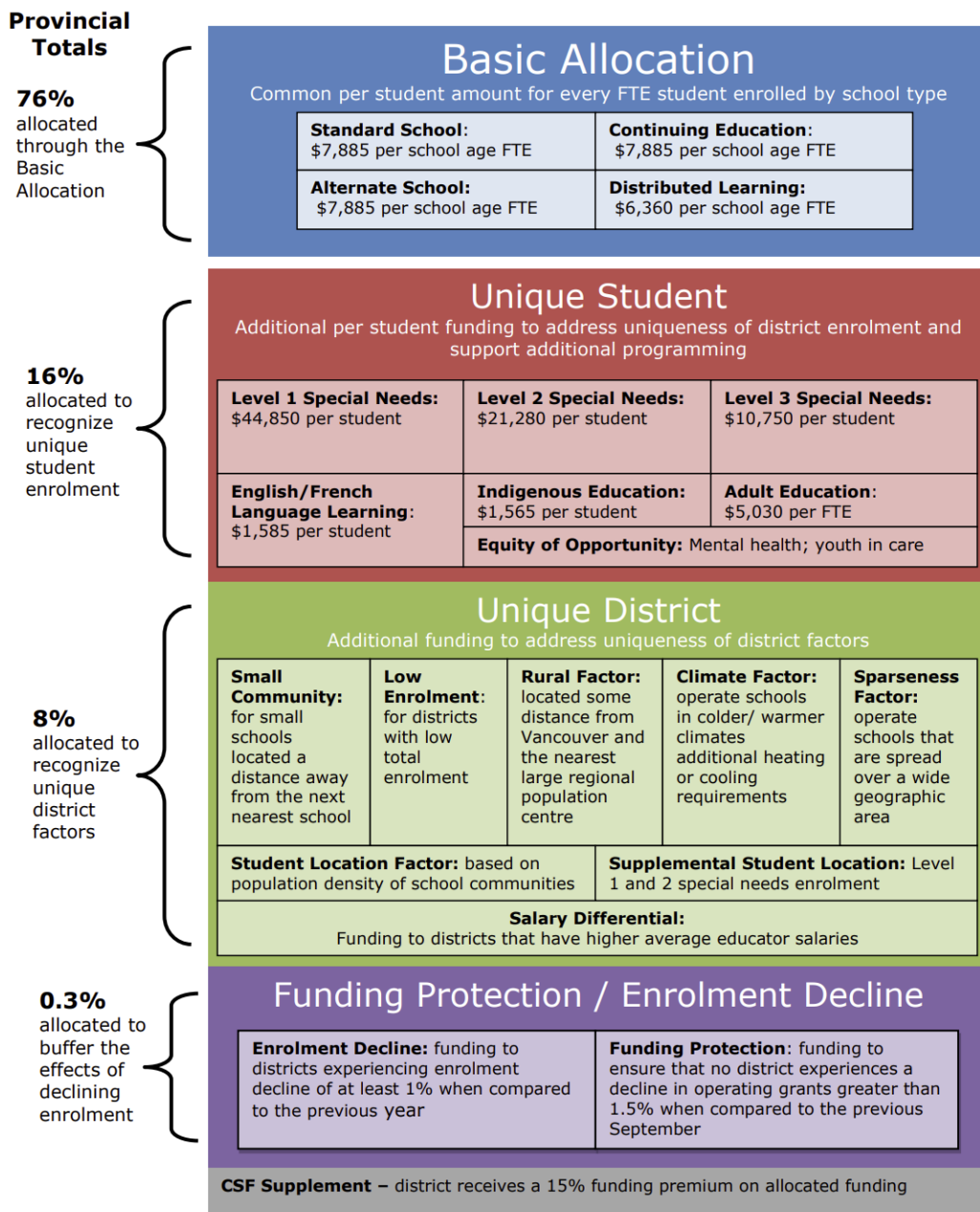
Financial Analysis

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 and 2021-22, primarily because of the COVID-19 pandemic. Enrolments are expected to rebound in 2022-23 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

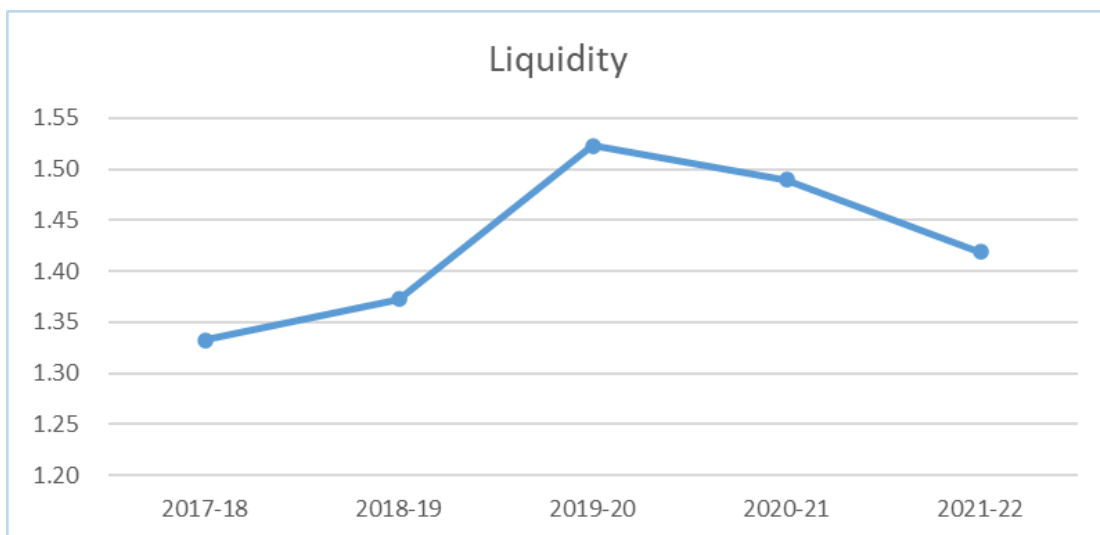
The Statement of Financial Position (balance sheet) presents the school district's financial assets and liabilities at the fiscal year end. It provides a comparative analysis of the district's net financial position for fiscal years ending June 30, 2021 and June 30, 2022 along with the year over year change.

	2021-22	2020-21	Change
Financial Assets			
Cash and Cash Equivalents	43,402,421	60,492,083	(17,089,662)
Accounts Receivable			
Due from Province - MECC	5,503,200	262,585	5,240,615
Due from First Nations	152,465	88,223	64,242
Other	2,482,544	929,915	1,552,629
Total Financial Assets	51,540,630	61,772,806	(10,232,176)
Liabilities			
Accounts Payable and Accrued Liabilities			
Other	9,454,933	15,831,422	(6,376,489)
Unearned Revenue	4,872,892	3,743,089	1,129,803
Deferred Revenue	2,822,231	2,858,011	(35,780)
Deferred Capital Revenue	171,556,114	161,347,726	10,208,388
Employee Future Benefits	9,821,982	9,643,202	178,780
Other Liabilities	10,075,274	9,393,530	681,744
Total Liabilities	208,603,426	202,816,980	5,786,446
Net Debt	(157,062,796)	(141,044,174)	(16,018,622)
Non-Financial Assets			
Tangible Capital Assets	223,908,979	210,199,760	13,709,219
Prepaid Expenses	2,193,188	771,403	1,421,785
Total Non-Financial Assets	226,102,167	210,971,163	15,131,004
Accumulated Surplus (Deficit)	69,039,371	69,926,989	(887,618)

- **Cash** decreased by \$17.09 million primarily because of increased accounts receivable, increased prepaid expenses and decreased accounts payable at year end. Of the total cash balance \$22.1 million is held in the Ministry of Finance in the Provincial Central Deposit Program.
- **Due from Province – Ministry of Education and Child Care** increased by \$5.2 million due to the timing of drawing funds for capital purposes.
- **Tangible capital assets** increased by \$13.7 million because of current capital projects under construction in the district (the new Irene Kelleher Totí:ltawtxw and the Abbotsford Traditional School 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 assets 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	2017-18	2018-19	2019-20	2020-21	2021-22
Gross Assets	327,528,960	330,140,560	331,951,389	335,692,529	362,730,938
Accumulated Amortization	157,185,778	164,584,939	172,004,007	179,471,761	187,033,693
Ratio	0.48	0.50	0.52	0.53	0.52
Furniture, Equipment & Vehicles	2017-18	2018-19	2019-20	2020-21	2021-22
Gross Assets	12,503,383	11,921,756	11,673,840	12,020,291	12,378,553
Accumulated Amortization	6,190,988	6,127,609	5,848,045	6,212,487	6,888,147
Ratio	0.50	0.51	0.50	0.52	0.56
Computer Software/Hardware	2017-18	2018-19	2019-20	2020-21	2021-22
Gross Assets	5,049,369	4,706,383	4,441,579	5,510,944	5,976,685
Accumulated Amortization	1,680,232	2,189,387	2,687,897	2,817,503	2,879,504
Ratio	0.33	0.47	0.61	0.51	0.48
TOTAL	2017-18	2018-19	2019-20	2020-21	2021-22
Gross Assets	345,081,712	346,768,699	348,066,808	353,223,764	381,086,176
Accumulated Amortization	165,056,998	172,901,935	180,539,949	188,501,751	196,801,344
Ratio	0.48	0.50	0.52	0.53	0.52

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.

	2021-22	2021-22 Budget	Variance to Budget	2020-21	Variance to 2020-21
Revenues					
Provincial Grants					
Ministry of Education and Child Care	213,297,884	208,706,734	4,591,150	216,548,446	(3,250,562)
Other	768,406	491,618	276,788	396,991	371,415
Federal Grants	21,881	-	21,881	13,181	8,700
Tuition	4,338,679	3,195,500	1,143,179	2,912,257	1,426,422
Other Revenue	7,337,143	8,545,367	(1,208,224)	4,458,241	2,878,902
Rentals and Leases	330,574	300,000	30,574	246,586	83,988
Investment Income	393,552	327,500	66,052	472,092	(78,540)
Amortization of Deferred Capital Revenue	7,696,148	7,706,729	(10,581)	7,646,367	49,781
Total Revenue	234,184,267	229,273,448	4,910,819	232,694,161	1,490,106
Expenses					
Instruction	192,766,960	189,099,659	3,667,301	186,638,449	6,128,511
District Administration	6,727,881	6,479,146	248,735	6,029,101	698,780
Operations and Maintenance	30,983,797	32,812,286	(1,828,489)	31,368,417	(384,620)
Transportation and Housing	4,593,247	4,333,024	260,223	4,385,914	207,333
Total Expense	235,071,885	232,724,115	2,347,770	228,421,881	6,650,004
Surplus (Deficit) for the year	(887,618)	(3,450,667)	2,563,049	4,272,280	(5,159,898)

Ministry grants increased from budget primarily due to increased Classroom Enhancement Fund grants as well as newly announced Mental Health in Schools, Safe Return to School and Ventilation grants.

International student revenues were higher than the prior year as International student enrolment has recovered with the relaxation of COVID-19 travel restrictions.

Other revenue increased by \$2.9 million from the prior year as a school generated funds (special purpose fund and rental revenues (operating fund) have recovered since the COVID-19 pandemic.

Expenditure changes result from the increased spending of the newly announced Ministry grants and the operational rebound from the pandemic. Overall expenditures in 2021-22 are 0.01% over the budget estimates.

The net deficit for the year (\$0.89 million) is comprised of an operating deficit of \$0.55 million and a \$0.34 million capital deficit.

Consolidated Accumulated Surplus

	2021-22	2020-21
Accumulated Surplus		
Operating		
Restricted due to constraints on funds		
Indigenous education	-	106,941
ACE-It	116,160	32,089
Skills exploration	62,544	-
Restricted for planned future operations		
School budget carry-overs	1,353,466	2,345,007
District support StrongStart	156,857	144,520
Learning commons project	-	2,835
Around School Program	32,207	55,361
Support for Learning (2021 holdback)	-	401,401
Restricted for future requirements		
Strategic plan initiatives	339,107	512,000
IT Infrastructure	600,000	600,000
Abby Arts PCIF	125,984	133,714
Support for equity initiatives	273,224	290,912
Other	82,515	-
Unrestricted	4,216,218	3,284,610
Total operating surplus	7,358,282	7,909,390
Capital		
Local capital surplus	3,337,552	6,519,291
Invested in tangible capital assets	58,343,537	55,498,308
Total capital surplus	61,681,089	62,017,599
Total Accumulated Surplus	69,039,371	69,926,989

Administrative Procedure 524 permits three categories of internally restricted surplus:

1. **Restricted due to constraints on funds-** This represents unspent funds that were provided for specific or targeted purposes.
2. **For planned future operation spanning multiple years-** This is for situations where operating surplus funds need to be carried over to future years for operating purposes beyond the current year. This includes school budget carry overs, operating budget projects in progress and future years' budget requirements.
3. **For anticipated future requirements-** This is for identified non-recurring or one-time projects or initiatives that cannot be reasonably funded within a current year.

AP 524 also requires that an unrestricted operating surplus, or contingency reserve, of between 1 and 3 percent of operating expenditures should be maintained. At June 30, 2022 the unrestricted operating surplus of \$4.2 million is 1.7% of budgeted operating expenditures.

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, 2022 against the budget for the year and the results of the prior year.

Operating Fund Budget	2021-22	2021-22 Budget	Variance to Budget	2020-21	Variance to 2020-21
REVENUE					
Provincial Grants, Ministry of Education and Child Care	192,669,040	192,255,762	413,278	188,661,355	4,007,685
Provincial Grants, Other	418,542	225,000	193,542	163,295	255,247
Federal Grants	21,881		21,881	13,181	8,700
Tuition	4,338,679	3,195,500	1,143,179	2,912,257	1,426,422
Other Revenue	3,047,067	2,644,367	402,700	2,241,613	805,454
Rentals & Leases	330,574	300,000	30,574	246,586	83,988
Investment Income	344,863	300,000	44,863	418,634	(73,771)
Total Revenue	201,170,646	198,920,629	2,250,017	194,656,921	6,513,725
EXPENSE					
Salaries					
Teachers	88,244,754	88,740,330	(495,576)	85,581,110	2,663,644
Principals & Vice-Principals	11,441,603	11,343,630	97,973	11,019,248	422,355
Education Assistants	17,157,183	16,982,358	174,825	16,140,546	1,016,637
Support Staff	15,149,361	15,722,010	(572,649)	14,828,192	321,169
Other Professionals	4,953,202	4,850,820	102,382	4,459,249	493,953
Substitutes	6,311,794	6,369,569	(57,775)	4,789,784	1,522,010
Total Salaries	143,257,897	144,008,717	(750,820)	136,818,129	6,439,768
Employee Benefits	35,969,344	35,775,628	193,716	34,213,947	1,755,397
Total Salaries & Benefits	179,227,241	179,784,345	(557,104)	171,032,076	8,195,165
Services & Supplies	22,188,474	20,798,664	1,389,810	19,680,906	2,507,568
Total Expense	201,415,715	200,583,009	832,706	190,712,982	10,702,733
Net Revenue (Expense)	(245,069)	(1,662,380)	1,417,311	3,943,939	(4,189,008)
Total Interfund Transfers	(306,039)	(300,000)	(6,039)	(3,845,540)	3,539,501
Surplus (Deficit) for Year	(551,108)	(1,962,380)	1,411,272	98,399	(649,507)

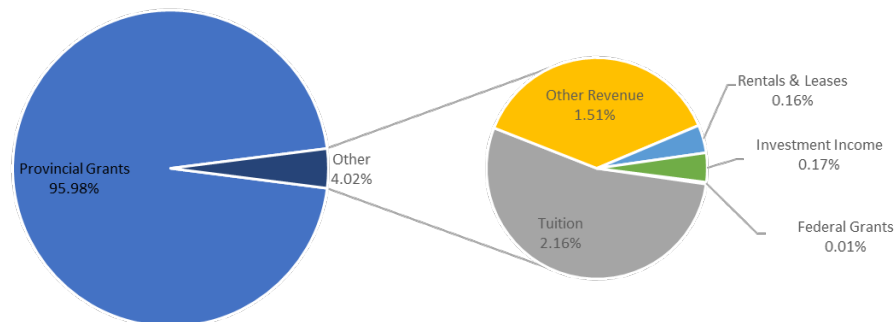
Revenue

In 2021-22, 96% of the revenue reported in the Operating Fund was received from the Ministry of Education and Child Care through operating grants. Operating grant revenues reflect the 2021-22 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 was on target with the 2021-22 budget expectations and was almost \$1.4 million higher than the previous year. This is still below pre-pandemic levels; however, it is anticipated to show recovery in the 2022/23 year.

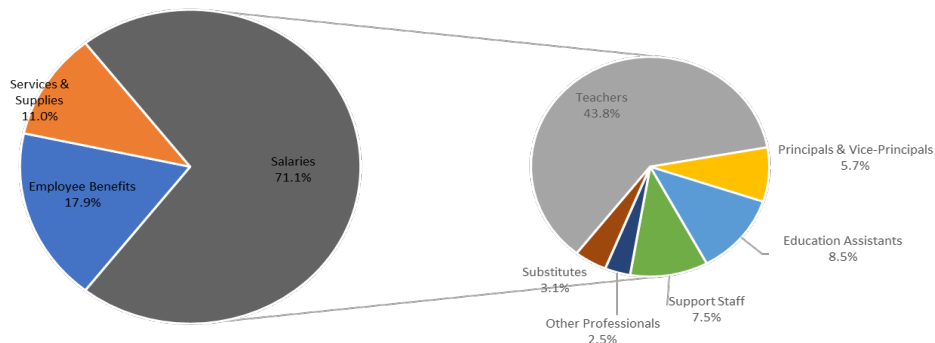
Revenue from rentals of facilities is higher than budget and has recovered to pre-pandemic levels.

Investment income has exceeded budget expectations; however, due to lower interest rates has not yet recovered to pre-pandemic levels.



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%.

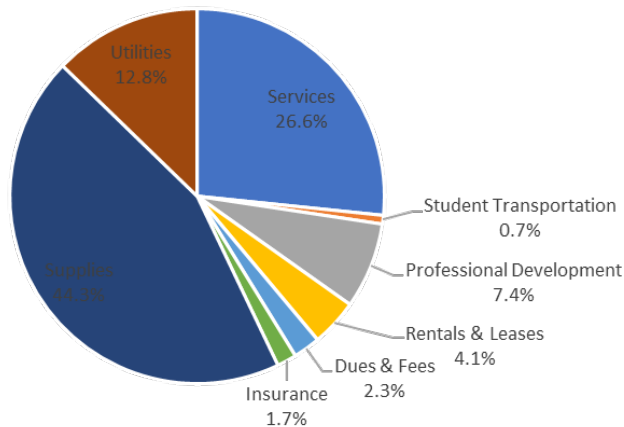


Generally, staffing levels are driven by enrolments whether they are teachers or support staff, so it is crucial to effectively plan and monitor student enrolment.

FULL TIME STAFFING	2021-22	2020-21	2019-20	2018-19
Teachers	1,134	1,146	1,176	1,169
Principals/VP	84	85	87	87
Education Assistants	422	403	413	409
Support Staff	345	341	350	348
Other Professionals	46	44	42	40
Trustees	7	7	7	7

Total salaries have increased \$8.2 million from the previous year and are only slightly higher than budget. This increase is due primarily to increased operational needs as well as increased Classroom Enhancement Fund grants. Budget variances in supplies and services are a result of recovered operational spending as well as decreased departmental surpluses at year end.

Overall spending increased \$10.7 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 operating expenditures is the optimal target established by the Board. In 2021-22, the unrestricted accumulated surplus sits at 2.1% of total revenue.

The district ended the 2021-22 year with an accumulated operating surplus of \$7,358,282 of which \$3,142,064 was internally restricted for specific purposes and \$4,216,218 is unrestricted.

Accumulated Surplus (Operations)	2021-22	2020-21
Internally Restricted due to constraints on funds	178,704	139,030
Internally restricted for planned future operations	1,542,530	2,949,124
Internally restricted for future requirements	1,420,830	1,536,626
Unrestricted operating surplus	4,216,218	3,284,610
Total Accumulated Operating Surplus	7,358,282	7,909,390



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

	2021-22	2020-21
Accumulated Surplus		
Operating		
Restricted due to constraints on funds		
Indigenous education	-	106,941
ACE-It	116,160	32,089
Skills exploration	62,544	-
Restricted for planned future operations		
School budget carry-overs	1,353,466	2,345,007
District support StrongStart	156,857	144,520
Learning commons project	-	2,835
Around School Program	32,207	55,361
Support for Learning (2021 holdback)	-	401,401
Restricted for future requirements		
Strategic plan initiatives	339,107	512,000
IT Infrastructure	600,000	600,000
Abby Arts PCIF	125,984	133,714
Support for equity initiatives	273,224	290,912
Other	82,515	-
Unrestricted	4,216,218	3,284,610
Total operating surplus	7,358,282	7,909,390
Capital		
Local capital surplus	3,337,552	6,519,291
Invested in tangible capital assets	58,343,537	55,498,308
Total capital surplus	61,681,089	62,017,599
Total Accumulated Surplus	69,039,371	69,926,989

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	677,377	Planned maintenance of facilities.
Learning Improvement Fund	669,991	Supplementary funding for support staff to provide services to students.
School Funds	4,184,883	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	73,950	Intended to assist support a young child's early learning and development.
OLEP (French Language)	228,198	Federal funds to support our French immersion program.
Community LINK	1,251,167	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	12,319,400	
CEF – Remedy	1,018,388	
First Nation Transportation	17,153	Special funding from the Ministry of Education to provide transportation to First Nations students.
Mental Health in Schools	113,395	Funding to support mental health and substance use challenges for children and youth in schools.
Changing Results for Young Children	6,000	Funding to provide collaborative professional learning among early learning educators.
Provincial Resource Program (PRP)	214,598	Provides funding for the Abbotsford Adolescent Day Treatment Program.
IPALS	18,131	Support for immigrant parents in the community.
Early Years Outreach	278,266	Program for families with children aged 0-6 to find necessary community supports.
Literacy Matters	46,339	A community organization to help students master literacy.
Community Support	213,340	A variety of small programs and grants supporting students and families in the district.
Safe Return to School Grant	465,644	Provincial funds to assist operating schools during the pandemic.
Federal Safe Return to Class Fund	317,531	Federal funds to assist operating schools during the pandemic.
Early Childhood Education Dual Credit Program	70,000	
Capacity Building	25,000	

Capital Fund

The net value of capital assets is \$223.9 million as at June 30, 2022 (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, 2022: the new 460 student Irene Kelleher Totí:Itawtxw and a major seismic upgrade at Abbotsford Traditional School (ATS). The new elementary school is scheduled to open September 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, 2022	as at June 30, 2021	Description
Bylaw capital	-	-	Represents funds drawn on Certificate of Approval (COA) for capital projects.
Restricted capital	102,520	101,487	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	821,377	1,783,831	Capital funding received from MCFD for an onsite childcare centre at the new elementary school on Eagle Mountain.
Land capital	5,045,635	4,754,989	Funds received from the City of Abbotsford for School Site Acquisition Charges.
Other capital	15,173-	-	Includes capital grants received from and restricted by any entity not included in the Government Reporting Entity.
Local capital	3,337,552	6,519,291	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, 2022	June 30, 2021
Centralized Program Service Centre	2,327,176	2,303,731
New School (Irene Kelleher)	736,531	2,092,964
IT – Wireless access point upgrade	-	1,000,000
District vehicles	129,514	400,000
Building renovations – Abbotsford Sr Secondary	9,331	600,000
School/district equipment	135,000	122,596
Total Local Capital	3,337,552	6,519,291

Details of Local Capital:

- New Irene Kelleher Totí:ltawtxw
 - The Ministry of Education required the Board to contribute \$2.5 million to this capital project. Approximately \$1.8 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 were replaced 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 substantially complete at June 30, 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
Irene Kelleher Toti:ltawtxw	9,225,573	9,102,580	New school
Abbotsford Traditional School	4,007,987	4,065,391	Seismic upgrade
Annual Facility Grant (AFG)	2,871,492	2,697,873	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)	2,223,961	2,455,650	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)	284,848	304,113	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	143,623	129,221	Building envelope work as part of the Abbotsford Traditional seismic upgrade project.
Playground Equipment Program (PEP)	165,000	167,656	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 <u>Canadian Standards Association CAN/CSA-Z614-14 (R2019): Children's Playspaces and Equipment</u> .
Total	18,922,484	18,922,484	

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 not continuing its review of the K-12 funding model at this time.

- International student program – The impacts of COVID-19 are still impacting our tuition revenue; 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.



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