

For the Year Ended June 30, 2022

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

Learning for a Lifetime



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INTRODUCTION

INTRODUCTION

This report is a discussion and analysis of School District 43 – Coquitlam’s (SD43) financial performance for the fiscal year ending June 30, 2022. This also includes a description and explanation of significant events and conditions that shaped the information presented in the school district’s Audited 2021/22 Financial Statements.

This report consists of the following sections:

- Introduction: Background information about the school district.
- Highlights: Summary of significant events
- Financials: Summary of the district’s financial performance and variance analysis of key performance indicators.
- Risk & Uncertainty: Explanation of the district’s enterprise risk management framework.

In addition, the Board’s strategic goals and objectives *Directions 2025* will be referenced throughout the report sections mentioned above. It is highly recommended that this report be read in conjunction with the school districts independently audited financial statements for the same reporting period.

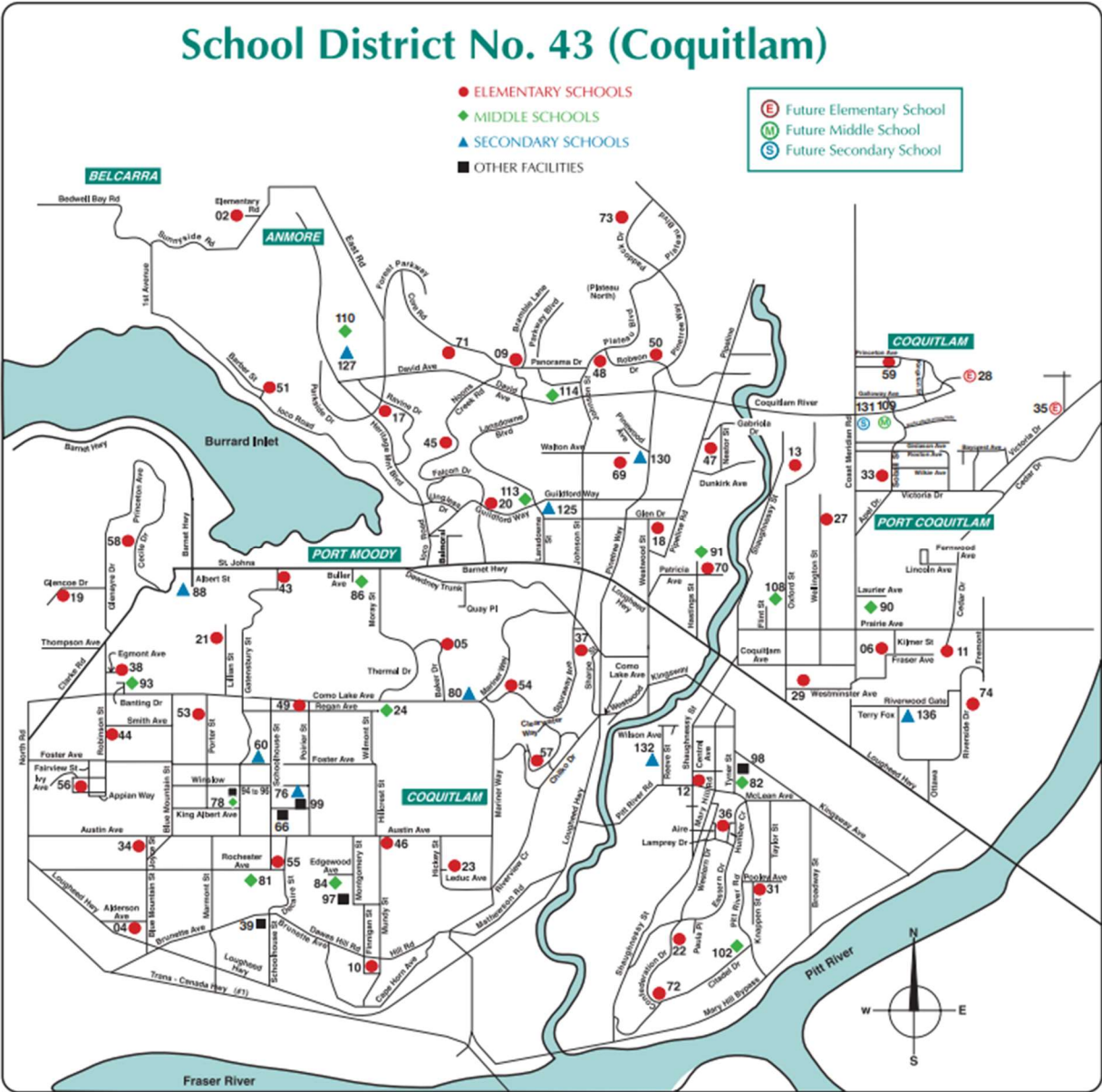
In addition to the above, numerous aspects of this report align SD43 finances to the Board’s strategic plan – *Directions 2025*. This report should be read in conjunction with the school districts audited financial statements for the same reporting period.

A separate document ‘*Guide to Financial Statements*’ has been developed to assist users of school district financial statements with their understanding of the information provided.



DISTRICT OVERVIEW

As the third largest school district in B.C., SD43 meets the learning needs of approximately 32,000 students of all ages in Coquitlam, Port Coquitlam, Port Moody, Anmore, and Belcarra. The district employs approximately 4,370 employees, including 2,700 teachers.



SD43 provides K-12 education in 47 elementary schools (kindergarten-grade 5), 14 middle schools (grades 6-8), 8 secondary schools (grades 9-12) and 4 alternate education programs. The district delivers a wide range of specialized education programs and services including:

- Indigenous Education
- Alternate Education
- Artists for Kids
- Band and Strings
- Career & Trade Programs
- Community Hubs & Schools
- Core French
- French Immersion
- English for Adult Learners
- Gifted Programs
- International Bacculaureate
- International Education
- Montessori
- Mandarin Bilingual
- Online Learning
- Reggio-influenced Program
- Summer Learning



VISION

Increasing Success in Life for All

MISSION

Our mission is to ensure quality learning opportunities for all students of all ages.

PURPOSE

The Board of Education accepts its responsibility to provide a quality and equitable public education for the success of all learners, within the limits and resources available.



CORE BELIEFS AND PRINCIPLES

The Board of Education believes in:

- Public Education and the need to advocate on its behalf;
- Instilling a passion for learning;
- Learners as the most important focus;
- High quality and equitable learning opportunities;
- Innovation, creativity, problem solving, critical thinking and sustainability;
- The essential value of District/Community/Global Partnerships;
- Safe, inclusive and socially responsible learning communities.

The Board of Education is committed to:

- Creating a culture of care and shared responsibility where every learner matters;
- Engaging and empowering lifelong learners;
- Providing flexible, integrated, diverse, and active learning environments;
- Developing shared leadership through innovative, sustainable professional learning.

DIRECTIONS 2025

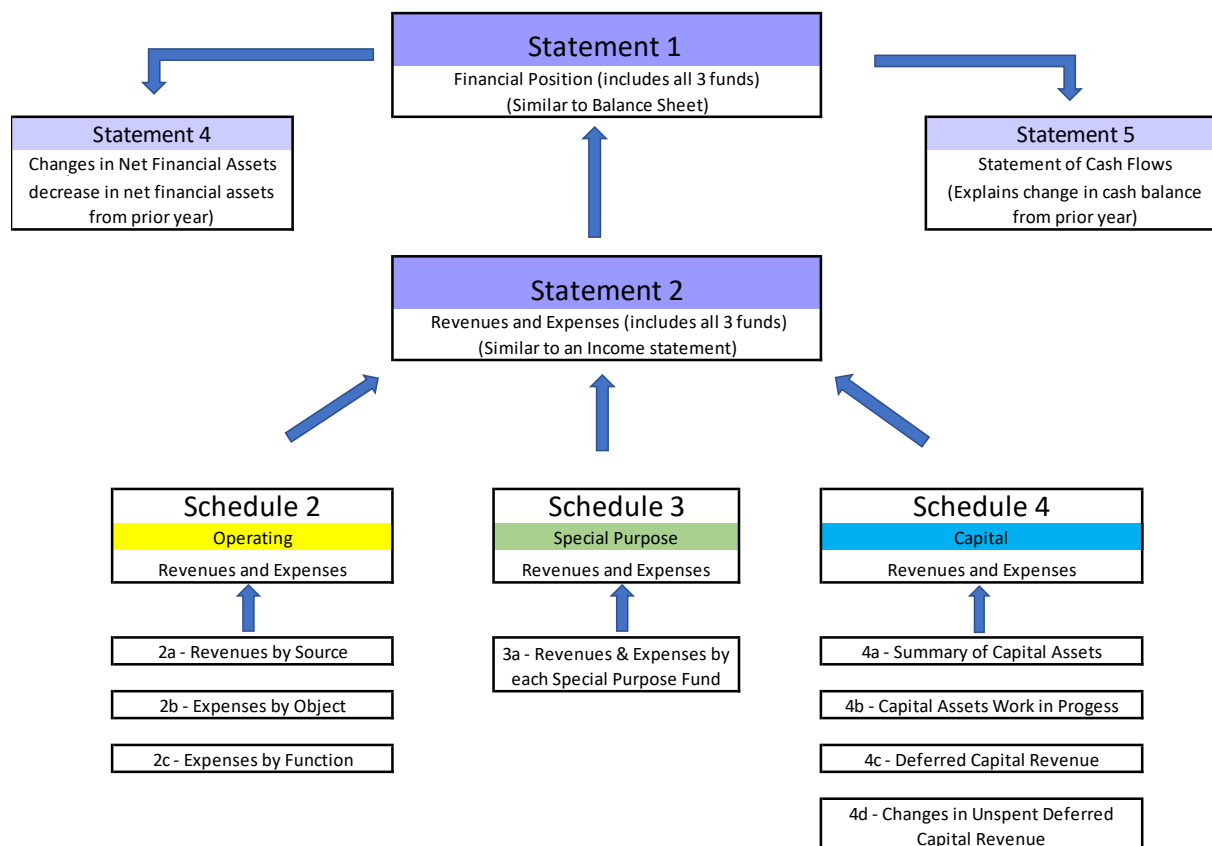
Strategic Goals and Objectives



For more information regarding the *Directions 2025* Strategic Plan, click [here](#).

FINANCIAL STATEMENT REPORTING

As a government organization, school districts across the province must prepare their financial statements under the Canadian Public Sector Accounting Standards (PSAS) framework. The financial statements are comprised of multiple statements and notes to the financial statements (including a summary of significant accounting policies) which are audited each year. It also includes several unaudited schedules which support the information presented in the audited statements. The diagram below provides an overview of how the schedules flow into the statements that comprise the annual audited financial statements.



The financial statements also include comparative columns for budget and prior year amounts. Since our vision and strategic goals shape the district’s budget and where financial resources are allocated, the Financial Statement Discussion and Analysis includes a variance analysis of both budget-to-actual and prior year-to-actual comparisons. Given the magnitude of information included within the financial statements, only the largest and most significant variances are explained.

Please note the Financial Statement Discussion and Analysis (FSD&A) are intended to be read in conjunction with the Audited Financial Statements for the year ended June 30, 2022.



INTRODUCTION



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HIGHLIGHTS



FINANCIAL HIGHLIGHTS: CONSOLIDATED SUMMARY

Below are the financial highlights for School District No. 43 Coquitlam’s fiscal year ending June 30, 2022. It includes all three funds (Operating, Special Purpose, and Capital), and an update on the on-going impact of the state of the economy and COVID-19 on our financial results.

Overview

Inclusive of all three funds (Operating, SPF and Capital) 87% of the school district’s revenue came from the Ministry of Education and Child Care (MECC). The principal source of revenue was in the form of an Operating Grant (74.9%). This grant is based on enrolment levels, student categories, and geographical factors. The other significant source (11.5%) was in the form of Special Purpose Funds (SPF), targeted funds for specified programs.

The remaining 13% of revenues was generated from International Education programs (4.72%), recognition of deferred capital revenue (3.84%), and through other revenue programs (4.49%) such as facility rentals and lease income, investment income, school generated funds, and capital transactions.

Overall, 85.2% of the school district’s expenses are associated with salaries and benefits. The balance of expenditures is related to supplies, services, and depreciation of capital assets.

Statement 2	Prior Year	Budget	Actuals	Actual to Prior Year	Actual to Budget
Revenue	405,826,564	397,059,503	405,921,546	94,982	8,862,043
Expenses	407,147,280	403,952,674	400,251,844	(6,895,436)	(3,700,830)
Net Change for the Year	(1,320,716)	(6,893,171)	5,669,702	6,990,418	12,562,873
Accumulated Surplus – Capital	207,821,742	211,231,742	212,635,537	4,813,795	1,403,795
Accumulated Surplus - Operations	21,364,159	13,374,254	24,533,332	3,169,173	11,159,078
Pension Stabilization Account	2,313,266	0	0	(2,313,266)	0
Total Accumulated Surplus	231,499,167	224,605,996	237,168,869	5,669,702	12,562,873

The net surplus for the current year of \$5.7 million is an outcome of numerous transactions in each of the three funds, with a significant amount due to higher revenues and lower than budgeted expenditures in the Operating Fund. Revenues driven by enrolment projections were budgeted conservatively, which is the best practice for BC school districts, came in above projections. Expenditures were lower stemming from unfilled vacancies and unpaid leaves in support staff positions offset and higher substitute costs resulting from the impact of new COVID variants on sick leaves taken, decrease in professional development activities, and in turn the ability of administrators and departments to spend their budgets.

The net increase in total accumulated surplus of \$5.7 million from the prior year includes a transfer of \$9.5 million from the Operating Fund to the Capital Fund for tangible assets purchased and contribution to local capital (with the majority to be restricted for the Burke Mountain Middle/Secondary School capital project). The net result is an increase in capital surplus of \$4.8 million and an increase in operating surplus of \$3.2 million, which was offset by a \$2.3 million reduction of the balance in the pension stabilization account (which was derived from the annuitization of the Non-Teaching Pension Plan (NTPP) in 2020/21 – see p.9).

The accumulated operating surplus has been restricted in accordance with the Accumulated Surplus policy (p.21) and will provide the district financial stability to meet its short-term future operational and financial obligations. This aligns with Goal 3 – Foster a Sustainable Educational Organization of the *Directions 2025* strategic plan.



Operating Accounts

The actual financial outcome for the 2021/22 school year is aligned with the previous reporting at the end of the 3rd quarter (March 31, 2022). The influences that contributed to our realized surplus include:

- Better than anticipated revenues for International Education enrolment due to conservative budgeting practices, rental revenues, miscellaneous revenues, and investment income
- Significant impact of on-going COVID-19 on staff absenteeism and substitute coverage, and lower salaries and benefit expenditures from unfilled vacancies and unpaid leaves in Support staff and Education Assistants staffing categories.
- Lower than expected services and supplies expenses at all school levels and district departments
- Solvency payment savings from the closure of the non-teaching pension plan (NTPP)
- Savings from restructuring the Sick Leave Benefit Plan (SLBP)

Special Purpose Accounts

Special Purpose Funds (SPF) consist of targeted funding allocated to school districts for a specific purpose. SPFs account for 14.69% of the school district's expenses and are made up of approximately 28 different funds. A full description of each of the funds is described in [Appendix A](#).

One of the more significant funds included in the special purpose classification is the Classroom Enhancement Fund (CEF). This fund was originally established in 2017 as an outcome of the restored teacher collective agreement pertaining to the class size and composition language. The funding is provided through a Ministry of Education and Child Care grant to cover related staffing, overhead and remedy costs.

Current year SPF also included one-time funding received from the Provincial (\$733,663) and Federal (est. \$547,932) governments to address COVID related expenses.

Capital Accounts

Funding for capital expenditures is sourced primarily through the Ministry of Education and Child Care with incremental funding provided through locally generated capital funds. Over the past few years, there has been a trend of the Ministry requiring school districts to contribute greater amounts towards major capital projects.

The new Coast Salish Elementary school in Burke Mountain is in the final stages of construction, with a phased occupancy planned for the fall of 2022. Just recently, the Burke Mountain Middle/Secondary School new school expansion project secured Ministry approval for funding upon the board agreeing to fund \$25 million of the total cost over the next 5 years.

2 schools are in-progress for classroom additions: Panorama Heights Elementary and Riverside Secondary School. 4 schools are in-progress for seismic replacement: Centennial Secondary - NLC Building, Irvine Elementary, École Dr. Charles Best Secondary, and Moody Elementary.

Another 4 schools were approved for building envelope repairs with BC Housing: Roy Stibbs Elementary, Pinetree Way Elementary, Mountain Meadows Elementary, and Bramblewood Elementary.

Other projects this year include project definition reports, school enhancement projects, playground equipment program, and carbon neutral capital program.

ENROLMENT AND STAFFING

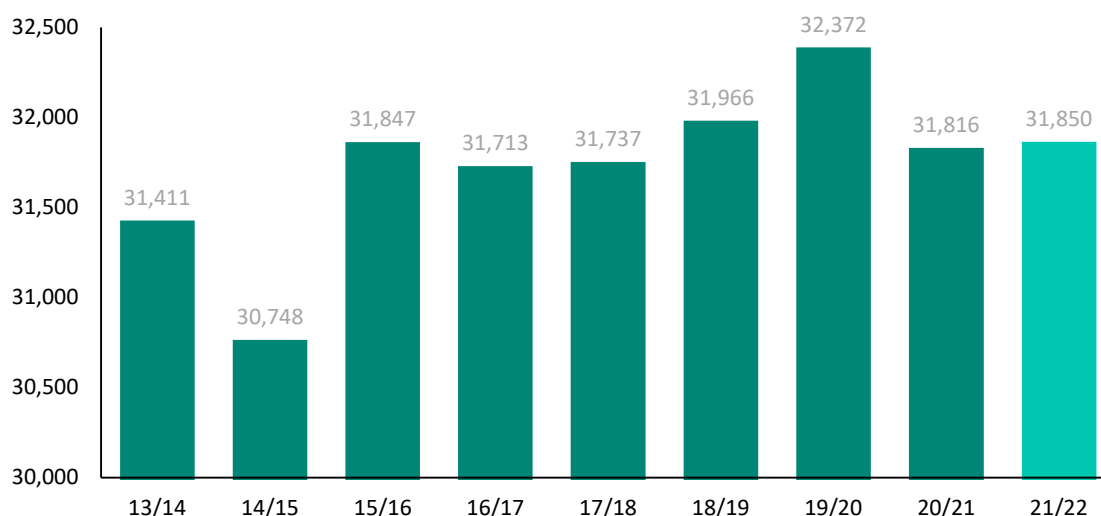
School district operations are funded primarily through the Operating Grant received from the Ministry of Education and Child Care. The Operating Grant is based on student enrolment, which means it will increase when more students enroll but consequently decrease when fewer students are enrolled in the district. The district receives a basic grant per full-time equivalent student (FTE). The district also receives a supplementary grant for each student identified with unique needs as well as other grants based on demographic and geographical factors. Enrolment numbers are one of the main drivers for teacher and educational assistant staffing levels.

Enrolment

Student enrolment in 2021/22 saw a slight increase in school aged and summer learning (compared to the prior year) as schools resumed in-person classes in September and there was a slight decrease in non-graduated Adult FTE enrolment. Summer Learning was lower as enrolment was limited to students requiring remedial learning due to COVID-19 health and spacing requirements. High school students were able to take courses online, through the summer Fast-Track program offered by Continuing Education due to COVID-19. Refer to [Appendix B](#) for complete details of student enrolment and MECC funding.

	Prior Year	Budget	Actual	Actual to Prior Year	Actuals to Budget
School Age	31,633.81	31,566.00	31,651.31	17.50	85.31
Adult	145.31	150.50	144.00	(1.31)	(6.50)
Summer School	36.50	749.13	54.50	18.00	(694.63)
Total	31,815.63	32,465.63	31,849.81	34.19	(615.81)

The graph below illustrates the district’s annual FTE enrolment since 2013-14. Enrolment levels are still recovering from the impacts of COVID-19; however, most of the decline stemmed directly from a decreased enrolment in summer learning (20/21 = 36.50 FTE, and 21/22 = 54.50 FTE vs. 19/20 = 766.06 FTE).

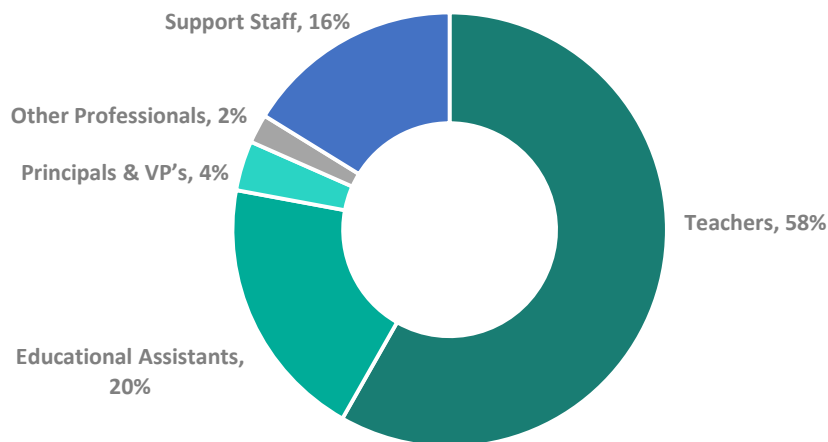


Overall, enrolment has not recovered to pre-pandemic levels, and this is a direct result of in-person summer learning classes being cancelled for a second time in 2021 due to COVID. Additionally, for the second consecutive year, students had the option to take courses online (through distributed learning). As a result, there was an increase of 136 FTE which was captured within the September student “School Age” enrolment count. The district also saw a decrease of 32% (-102 FTE) from the Apex K-9 (online learning) program as students began returning to full-time in-person learning.



Staffing

Staffing is the largest component of the operating expense for the school district. The district has 3,454.79 full-time equivalent (FTE) employment positions, which is different than total headcount of employees (FTE number above are inclusive of many part-time positions which are less than 1.0 FTE). The graph below illustrates the district’s % of staffing by payroll group for the 2020/21 fiscal year.



The steady increase in staffing since 2014/15 aligns with the FTE enrolment over the same time frame. The more recent plateau in staffing is reflective of the pandemic’s impact on enrolment since 2019/20. This approach to hiring additional staff helps the school district ensure that necessary and relevant staffing are added in a sustainable way, while simultaneously meeting other financial obligations.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Teachers	1,739.53	1,790.99	1,824.06	1,976.69	2,016.17	2,046.88	2,029.41	2,011.61
Educational Assistants	429.78	457.97	487.35	535.54	625.44	644.64	654.39	680.72
Principals & VP's	110.00	112.00	115.00	125.00	127.00	127.00	127.00	128.00
Other Professionals	49.10	55.50	59.10	71.00	74.00	74.00	74.00	74.00
Support Staff	504.13	503.83	508.85	541.97	555.84	552.13	575.03	570.46
Total All Staff	2,832.54	2,920.29	2,994.36	3,250.20	3,398.45	3,444.66	3,459.83	3,464.79

Although school-aged student enrolment increased by 85.31 FTE this year, they were domestic students funded by MOECC. Part of the funding for teacher staffing comes from International Education program revenues. International students are not funded by the Ministry, which means all incremental staffing associated with these students must be self-funded through the tuition revenues received. Pre-COVID, the International Education program was funding 120 FTE teacher positions beyond those covered under the provincial grant. As noted on page 16, the pandemic has severely impacted enrolment in this program, so the available revenues could only support 48 FTE teacher positions in 2021/22. This explains why the district saw a decrease in teacher staffing from 2020/21 despite an increase in student enrolment.

It is worth noting that Teachers, Principals and Vice-Principals, and Education Assistants comprise 81.64% of all district staff. These positions are the most directly involved with students and so the district works to ensure they are effectively staffed. Through staffing increases to these positions, the district fulfills its strategic goals and objectives; achieve student success, ensure success for all learners, and. ensure a financially stable organization.



OTHER HIGHLIGHTS

COVID-19

The 2021/22 school year resumed with in-class instruction with continuation of numerous COVID-19 enhanced communicable disease safety measures throughout the school year, which was removed for the most part after spring break on March 28, 2022. (e.g., PPE, social distancing, and enhanced cleaning measures).

The previous year focused on ensuring sufficient teacher and support staffing were in place to maintain school operations, and that adequate PPE, masks, and cleaning supplies were purchased to keep buildings cleaned and students safe. The provincial and federal governments provided a total of \$14.45 million in grant funding to support these operational and safety measures.

This fiscal year has realized some recurring and some new impacts to financial and staffing operations. Due to additional COVID-19 variants, in-person summer learning was limited to students requiring instruction for remedial learning, resulting in less grant funding than originally budgeted. Additional COVID funding was announced during 2021/22, totalling \$1.23 million for SD43. As was the case in 2020/21, this funding was also one-time and came with stipulations as to how it could be utilized.

For example, the school district was allocated \$547,932 in Special Purpose Fund, provided through the Federal Safe Return to Class fund, to purchase HEPA filtration units for classrooms with non-mechanical ventilation systems. The purpose is to support improved outdoor air intake and/or air cleaning to help reduce transmission of Covid-19. Consequently, staffing reductions were inevitable as there wasn't enough grant funding and revenues from International Education, rentals of facilities and investment income to support the same pre-COVID levels.

Operationally, the focus was to return to normal educational and district programming. However, the long-term effect of the on-going pandemic, coupled with new COVID variants throughout the year, had a large impact on teacher, support and education assistant staffing groups. These groups exhibited higher levels of illnesses and burnout which resulted in more staffing changes, unpaid leaves, sick days, and other absenteeism.

While the district started to see some recovery of revenue streams (i.e., rental revenues, interest revenues), the International Education program, historically the largest revenue-generating program, had only marginally recovered some of the enrolment decreases that had negatively impact revenues in 2020/21. The district is currently forecasting several years for the International Education program to return to pre-pandemic levels.

Physical safety, mental, and emotional well-being of district staff and students remains a district priority. On July 19, 2022, B.C.'s Minister of Mental Health and Addictions, Sheila Malcolmson, announced the new Foundry Tri-Cities. This Foundry center, which will be operated by Share Family and Community Services Society (SHARE), will offer people between 12 and 24 years old and their families free mental-health and wellness resources.

SD43 Education Foundation

The SD43 Education Foundation, is an independent registered charitable organization incorporated under the BC Societies Act on September 17, 2019 and was established to supplement the outstanding educational programs delivered through the Coquitlam school district.



Its goal is to appeal to the community in attracting donations and expanding on SD43’s charitable status for tax receipting. It has a strong governance and legal structure that can support and enrich SD43 programs beyond Ministry grant funding limitations.

Its purpose is to provide the following:

1. To advance SD43 education initiatives by providing grants and general support to the Board.
2. To support extra-curricular activities, programs, and projects, for SD43 students.
3. To provide scholarships and prizes to SD43 students.

The Foundation will continue to provide funding support to enrich educational programs and initiatives and directly support vulnerable students whereby fostering a positive impact on their education and well-being.

NTPP Annuitization and Solvency Reserve Account (SRA)

The Non-Teaching Pension Plan (NTPP) is the SD43 legacy pension plan for non-teaching staff. The NTPP was closed to new members as of January 1, 2018, when active members were transferred to the Municipal Pension Plan (MPP). Retirees, deferred members, and members on a leave of absence were retained in the NTPP. The board continued to be responsible for its financial obligations to this plan, calculated on both a:

- “Going concern” basis which assumes the NTPP will continue to function with no end date and on a
- “Solvency” basis which assumes that the NTPP ends on the date of the valuation.

In early 2021, the NTPP attained 100% solvency and going concern funded status. This provided the opportunity to ‘derisk’ the NTPP. Through a negotiated agreement, the pension plan investments and corresponding liabilities were transferred to Sunlife Financial and annuitized in 2021. This resulted in a transfer of all 755 remaining retirees in the NTPP and approximately half (29) of the inactive deferred members. All members retained the same level of pension benefits as they are entitled to with no loss of any benefits. This process effectively eliminated all solvency funding requirements and subsequently translated to annual savings of more than \$3 million in benefit costs which was repurposed towards educational needs. The Sunlife Financial transfer was completed August 1, 2021.

Subsequently, the school district announced its intention to terminate and wind up the plan effective December 31, 2021. SD43 secured approval for plan termination with the BC pension regulator and purchased annuities with Sunlife Financial for the remaining NTPP deferred members. The \$1.2 million balance remaining in the Solvency Reserve Account after the annuitization, was returned to the school district. In addition, a balance of \$2.3 million in the pension stabilization account (amounts restricted for pension funding purposes) was also released (see *Note 22 - Internally Restricted Funds*).

Post Retirement Group Benefits (PRGB) – Plan Curtailment

As part of the agreement to transition active NTPP members to the MPP, SD43 entered into an agreement with CUPE Local 561 to guarantee benefit coverage and continue a 40% subsidy level for 15 years ending on December 31, 2032. Subsequently, the Board announced that effective January 1, 2033, the 40% subsidy for dental benefits would end (see *Note 9.c – Employee Future Benefits*, Post-Retirement Health and Dental Benefits).





INTRODUCTION



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RISK & UNCERTAINTY

FINANCIALS

STATEMENT OF FINANCIAL POSITION: STATEMENT 1

The following table compares the school district's net financial position for the fiscal years ended June 30, 2022, and June 30, 2021, with the more significant year over year changes discussed below.

Statement 1	June 30, 2021, Balance	June 30, 2022, Balance	\$ Variance	% Variance
Financial Assets				
Cash and Cash Equivalents	171,617,090	159,028,312	(12,588,778)	(7.34%)
Accounts Receivable				
Due from Ministry of Education and Child Care	1,243,647	1,615,073	371,426	29.87%
Other	10,852,195	7,309,620	(3,542,575)	(32.64%)
Portfolio Investments	30,000,000	40,000,000	10,000,000	33.33%
Total Financial Assets	213,712,932	207,953,005	(5,759,927)	(2.70%)
Liabilities				
Accounts Payable & Accrued Liabilities	39,174,739	39,818,946	644,207	1.64%
Unearned Revenue	15,217,156	18,425,772	3,208,616	21.09%
Deferred Revenue	12,908,036	12,734,314	(173,722)	(1.35%)
Deferred Capital Revenue	456,421,638	482,021,752	25,600,114	5.61%
Employee Future Benefits	43,657,140	46,233,766	2,576,626	5.90%
Capital Lease Obligations	1,863,557	1,119,113	(744,444)	(39.95%)
Other Liabilities	10,244,101	10,102,622	(141,479)	(1.38%)
Total Liabilities	579,486,367	610,456,285	30,969,918	5.34%
Net Financial Assets	(365,773,435)	(402,503,280)	(36,729,845)	10.04%
Non-Financial Assets				
Tangible Capital Assets	596,760,118	639,193,616	42,433,498	7.11%
Prepaid Expenses	512,484	478,533	(33,951)	(6.62%)
Total Non-Financial Assets	597,272,602	639,672,149	42,399,547	7.10%
Accumulated Surplus - Capital	207,821,742	212,635,537	4,813,795	2.32%
Accumulated Surplus - Operations	21,364,159	24,533,332	3,169,173	14.83%
Pension Stabilization Account	2,313,266	0	(2,313,266)	(100.00%)
Total Accumulated Surplus (Deficit)	231,499,167	237,168,869	5,669,702	

Cash (including cash held in the Central Deposit Program (CDP)) decreased by \$12.6 million year as the district continued to proactively move funds into short and long-term, higher interest rate investments as an alternative to the CDP offered by the Provincial Treasury.

Cash assets year over year is categorized as follows.

(\$ millions)	June 30, 2021, Balance	June 30, 2022, Balance	\$ Variance
Cash in Bank	37.9	27.4	(10.5)
CDP Investment Program	133.7	131.7	(2.0)
Short Term Investments	0.0	20.0	20.0
Long Term Investments	30.0	20.0	(10.0)
Total Cash Assets	201.6	199.0	(2.6)



Cash held in the bank for current operational needs totals \$27.4 million. The largest balance of \$131.7 million is held within the Central Deposit Program (CDP) by the Ministry of Finance and is available within 3 days. These deposits earn interest at 2.2% (as of June 30, 2022), an increase from 0.95% (July 1, 2021).

These cash assets are required to fulfill the following current financial liability obligations:

(\$ millions)	June 30, 2021, Balance	June 30, 2022, Balance	\$ Variance
Accounts Payable	14.5	14.7	0.3
Salary, Taxes & Benefits Payable	24.7	25.1	0.4
EFB – Post Retirement Group Benefits	8.5	8.3	(0.1)
EFB – Post Employment Benefits	36.2	37.9	1.7
EFB - Vacation Liability	6.4	6.1	(0.3)
Unearned Revenues (International Education)	15.2	18.4	3.2
Capital Reserve Accounts (Restricted)	65.9	53.9	(12.0)
Misc. Liabilities (net of assets)	6.5	10.0	3.5
Total Payment Obligations	177.9	174.5	(3.4)

* Tangible capital assets and deferred revenues are considered long-term and have not been omitted.

The difference between the cash assets and the liabilities is reflected as the accumulated surplus:

Total Cash Assets	201.6	199.0	(2.6)
Total Payment Obligations	177.9	174.5	(3.4)
Accumulated Surplus & Pension Stabilization Account	23.7	24.5	0.8

Accounts Receivable amounts due from the Ministry of Education and Child Care increased due to a timing difference. The decrease in Other is because of a reduction in benefit deposit allowances with SD43's benefit provider. While the pandemic caused a significant decline in extended health and benefit claims during 2021/22, the district took 'premium holidays' (reducing monthly estimated premium deposits) and used funds on deposit to make these claims payments resulting in reduced deposit allowances.

Portfolio Investments includes ownership in stocks, bonds, and other financial assets. The district has built a conservative portfolio of investments to increase investment revenues. The annual rate of return for 2021/22 was 1.63% and 1.82% for short and long term GIC's respectively.

Unearned Revenue represents International Education Tuition Fees collected in advance for the 2021/22 school year. This will be recognized and recorded as revenue over the course of the next fiscal year (2022/23). The 2021/22 balance is \$3.2 million higher as enrolment in the program has started to recover from COVID travel and student visa restrictions imposed by the Canadian government since 2019/20.

Deferred Capital Revenue relates to funding received and spent on capital projects. As required by Treasury Board regulations, funding for capital projects is recognized as revenues over the expected useful life (amortization) of the asset purchased. Deferred capital revenue increases by any provincial grant funding received and is reduced by the annual recognition of capital revenue over the life of the capital project. Deferred Capital revenue increased by \$25 million because of many new and ongoing capital projects (primarily related to schools that are under construction).

Employee Future Benefits Liability represents estimated future cost to the district to provide employees benefits such as vested sick leave, retirement/severance, vacation, overtime, death benefits, and remaining NTPP post-retirement health and dental benefits. Employee Future Benefits increased by \$2.6 million primarily because a) \$1.67 million increase in liabilities associated with recognizing ongoing future costs of

sick leave and early retirement obligations, b) \$1.04 million increase from the elimination of remaining NTPP plan assets, and c) -\$140,000 decrease in liabilities for post-retirement group benefits for NTPP retirees.

Capital Lease Obligations corresponds to assets purchased under a lease that depreciate and incur interest over their useful life. At the end of the lease term the district will have the option to purchase these assets for below fair market value (a “bargain” purchase). The balance decreased by \$744,444 as the district made contractual payments for the use of these assets.

Tangible Capital Assets represents the net balance of tangible capital assets less accumulated amortization. The district carries out various capital projects, and purchases capital assets, during the year including upgrades, additions, building of new schools and replacing old schools. Current year additions include the capitalization of Minnehada Middle School, the purchase of 6 new vehicles, computer and equipment purchases and capitalization of other minor capital projects and purchases.

Funds spent on these items are capitalized as Tangible Capital Assets. Net Tangible Capital Assets increased by \$42.4 million which is reflected in the deferred capital revenue balance.

Tangible Capital Assets	June 30, 2021, Balance	Additions	Disposals	Transfers (WIP)	June 30, 2022, Balance
Sites	\$112,496,185	\$0	\$0	\$0	\$112,496,185
Buildings	686,469,235	4,718,136	0	35,964,010	727,151,381
Buildings WIP	66,837,860	50,737,839	0	(35,964,010)	81,611,689
Furniture & Equipment	6,703,564	4,363,965	(613,762)	537,121	10,990,888
Furniture & Equipment WIP	0	537,121		(537,121)	0
Vehicles	1,039,932	603,358	(89,063)	0	1,554,227
Computer Software	0	0	0	0	0
Computer Hardware	18,547,127	2,845,457	(3,109,796)	0	18,282,788
Total	892,093,903	63,805,876	(3,812,621)	0	952,087,158

The cost of these assets is recognized over their expected useful lives through the recording of amortization expense, outlined in the table below.

Accumulated Amortization	June 30, 2021, Balance	Additions	Disposals	June 30, 2022, Balance
Sites	\$0	\$0	\$0	\$0
Buildings	282,153,974	16,460,179	0	298,614,153
Furniture & Equipment	3,641,128	915,410	(613,762)	3,942,776
Vehicles	542,703	134,163	(89,063)	587,803
Computer Software	0	0	0	0
Computer Hardware	8,995,980	3,862,626	(3,109,796)	9,748,810
Total	295,333,785	21,372,378	(3,812,621)	312,893,542

The net total of tangible capital assets and accumulated amortization make up the balance sheet amounts on *Statement 1* of the financial statements:

Net Tangible Capital Assets	June 30, 2021, Balance	Additions	Disposals	June 30, 2022, Balance
Total	596,760,118	42,433,498	0	639,193,616

STATEMENT OF OPERATIONS: STATEMENT 2

As required by Public Sector Accounting Standards (PSAB) and the Ministry of Education and Child Care, the school district of Coquitlam reports revenues and expenses under three separate funds: the operating fund, the special purpose fund, and the capital fund. This is consolidated in the financial statements as *Statement 2*, or the Statement of Operations

OPERATING FUND: The operating fund includes Ministry grants and other revenues used to fund instructional programs, school and district administration, facilities operations, maintenance, and transportation.

SPECIAL PURPOSE FUND: The special purpose fund includes separate, identifiable funds designed for a specific use or program. These funds are received from the Ministry and other sources with restrictions on how these funds may be spent.

CAPITAL FUND: The capital fund includes a combination of Ministry capital grants, locally generated funds, and school site acquisition charges collected from developers through local municipalities. These funds are used for facility operations including construction, enhancement, and maintenance of buildings, fields, infrastructure, and land purchases for future school development.

School district financial statements are a consolidation of these three funds and each of these funds differs with respect to the methods of accounting method utilized and the legislative and other constraints on budgeting and financial results.

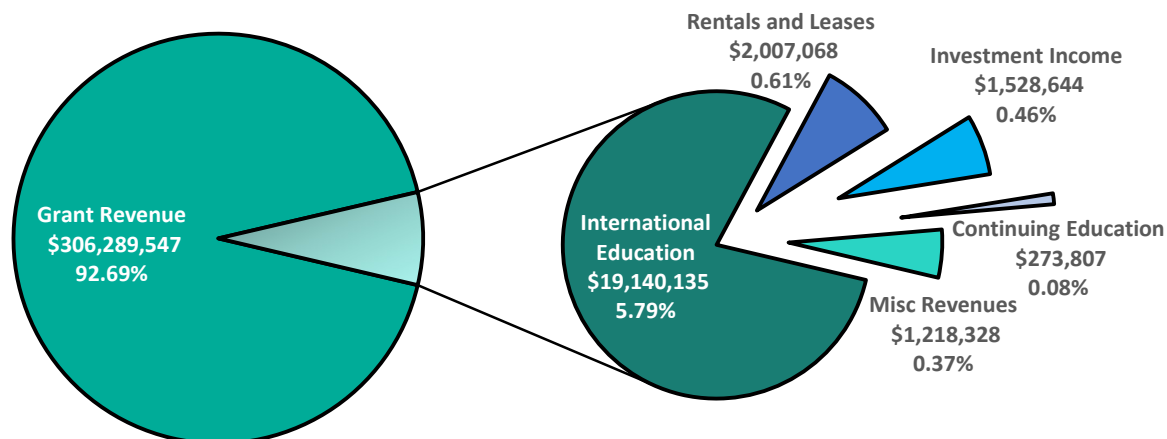
As an outcome, the districts financial performance can only be fully understood by reviewing each fund separately. Financial performance for each fund is reported in the supplementary schedules that follow the notes to the audited financial statements.



OPERATING FUND: SCHEDULE 2

Revenues – Schedule 2A

92.69% of the school district’s operating revenue was in the form of an Operating Grant from the Provincial government, which is based on enrolment levels, student categories, and geographical factors. 5.79% of overall revenue was generated from International Education programs, and the balance of 1.52% was made up of other revenue streams such as facility rental and lease income, investment income and continuing education.



A detailed breakdown of the components that make up Grant Revenues can be found in [Schedule 2A](#).

(\$thousands)	Actuals	Prior Year			Budget		
			\$	%		\$	%
Grant Revenue	306,290	302,861	3,428	1%	306,369	(80)	(0%)
Continuing Education	274	524	(250)	(48%)	355	(81)	(23%)
International Education	19,140	20,081	(941)	(5%)	14,262	4,878	34%
Miscellaneous	1,218	750	468	62%	656	562	86%
Rentals and Leases	2,007	1,146	861	75%	1,408	599	43%
Investment Income	1,529	1,623	(94)	(6%)	1,151	378	33%
Total	330,458	326,986	3,472		324,202	6,256	

Grant Revenues

Grant revenues were \$3.43 million higher than last year due to a \$325 increase in per student funding (\$11 million), and net increases in student enrolment (\$2.4 million). This was offset by:

- Movement of \$9 million in teacher labour settlement funding into the \$325 increase in per student funding
- Lower enrolment in Graduated adult courses (\$337,264)
- Removal of one-time funding for early career mentorship (\$695,000)

Grant revenues were \$80,000 lower than budget due to lower enrolment in Graduated adult courses (\$337,956) offset by increase in February enrolment count funding. See [Appendix B](#) for complete enrolment and operating grant details.

Continuing Education

Continuing Education revenues were \$249,946 lower than last year and \$80,809 less than budget from decreased enrolment in vocational tuition fees because of COVID-19.

International Education Revenues

International Education revenues were \$941,225 lower than last year due to the ongoing impact of the pandemic on international travel and study permits. Potential students, apprehensive of lingering travel restrictions, either delayed or paused their application process, cancelled it altogether, or opted for alternative schooling locations in the meantime. As such, the district continues to focus on rebuilding the program's enrolment to pre-pandemic levels. Student enrolment decreased by 134.6 FTE students, or 11.1%, compared to the previous year.

International Education revenues were \$4.88 million higher than budget due to conservative forecasting of tuition enrolment in the 2021/22 Amended Budget, given the high levels of uncertainty created by the pandemic.

Rentals and Leases

Facility Rentals, childcare space rentals and other rental revenues were \$861,030 (75.13%) higher than last year and \$598,772 (42.52%) higher than budget. The increase is due to event restrictions being partially lifted in October (allowing one rental group per evening) to being completely lifted in the latter part of the school year (March 28, 2022). The increase also includes Community School Rentals revenues that were previously reported as school generated funds to now being processed through the rentals department and reported in the Operating Fund. The district generated additional revenues by providing our school sites as a socially distanced venue for provincial court hearings and proceedings.

Investment Income

Investment income was slightly lower than last year (-\$94,226) due to the low interest rate as of July 1, 2021 (0.25%). Since then, the Bank of Canada has raised its benchmark interest rate several times to offset severe inflation in the aftermath of the pandemic. The decrease also affected the interest rate the school district received on its CDP deposits. The Provincial Central Deposit Program (operated by the Ministry of Finance) went from offering interest rates of 2.95% prior to the Pandemic down to a 0.95% for most of last year before starting to see inflation-fuelled increases beginning in March.

Investment income was higher than budget (\$377,597) due to conservative forecasting in response to the uncertainty generated by the pandemic. Interest rate increases beginning in March, and other investment options earning a higher interest rate than that offered through the CDP contributed to higher earnings.



Salaries and Benefits Expenses – Schedule 2B

The largest component of the district’s operating expenses is associated with salaries and benefits. This makes up 91.8% of total operating expenses. The table below provides an analysis of staffing costs for each salary group and a comparison to prior year and budget. This information is derived from *Schedule 2B* of the financial statements. Overall, the district spent \$7.8 million less on salaries and benefits this year than the prior year, and \$2.8 million less than was budgeted.

(\$thousands)	Actuals	Prior Year	\$	%	Budget	\$	%
Teachers	147,148	144,214	2,934	2%	147,298	(149)	(0%)
Principals and VPs	17,357	16,591	766	5%	17,498	(141)	(1%)
Education Assistants	21,577	20,754	822	4%	22,633	(1,056)	(5%)
Support Staff	26,800	26,408	392	1%	28,400	(1,600)	(6%)
Other Professionals	7,583	7,004	579	8%	7,582	2	0%
Substitutes	12,320	7,400	4,920	66%	10,686	1,634	15%
Total Salaries	232,786	222,371	10,414		234,096	(1,310)	
Employee Benefits	61,187	79,402	(18,215)	(23%)	62,702	(1,515)	(2%)
Total	293,973	301,774	(7,801)		296,797	(2,825)	

Teachers

Teacher salary expenses were \$2.9 million higher than last year mostly due to a 2% contractual wage increment effective July 1, 2021, and grid step increments for teachers who have not at step 10. This was offset by savings from budgeted staffing reductions (-17.8 FTE). The reduced teacher staffing (see page 10) was mostly due to decrease in International Education program revenues, which has supplemented our teacher staffing above and beyond the government required student teacher ratios. Teacher salary expense was \$149,499 below budget due to unpaid and unbudgeted sick days taken by staff.

Principals and Vice Principals

Principals and Vice Principal salaries were \$766,179 higher than last year because of budgeted wage and step increases, and the addition of one principal position added for the opening of Coast Salish Elementary school. Principals and VP salaries were \$140,987 lower than budget due to the hiring of new principals and vice-principals starting at level A (lower end) of the salary grid.

Education Assistants

Actual expenses were \$822,451 higher than last year due to a 2% contractual wage increase effective July 1, 2021, and the following FTE additions:

- 17.0 EA’s
- 2 Learning Inclusion Support Workers
- 2 temporary Youth Workers
- 7 temporary EA positions funded through in-year salary savings

Salaries came in \$1.1 million under budget. In total, \$1.9 million savings was realized primarily because of unfilled vacancies and temporary vacancies from staffing changes/turnover, and unpaid leaves driven by the pandemic. This salary savings was offset by an overspend of \$804,761 in incremental vacation payouts in lieu of benefits for casuals in temporary assignments, and extra/overtime.



Support Staff

Actual expenses were \$391,926 higher than last year due to a 2% contractual wage increase effective July 1, 2021, and the following FTE additions:

- 4.5 caretakers
- 0.4 security runner
- 1.0 temporary clerical staff

Support Staff salaries finished \$1.6 million under budget. In total, \$2.3 million savings were realized primarily because of unfilled vacancies (mainly in maintenance positions), temporary vacancies occurring from staffing changes/turnover, and unpaid leaves driven by the pandemic. These salary savings were offset by an overspend of \$696,384 in incremental vacation payouts, payments to casuals in lieu of benefits, extra/overtime, and shift differentials.

Other Professionals

Actual expenses were \$579,320 higher than last year due to salary and step increments and the addition of one excluded position. These increases were budgeted for, as the variance between actual and budget was \$1,692, or 0.02%.

Substitutes

Actual expenses were \$4.9 million higher than the prior year and \$1.63 million higher than budget due to above average staff absenteeism, staff changes, and staff turnover from the on-going pandemic. Further adding to the higher expense incurred in the current year was the absence of supplementary COVID grants that were provided in 2020/21 to help maintain staffing levels and cover substitute costs.

Another unanticipated expense was from a change to the *Employment Standards Act* (ESA) on March 31, 2022. This change provides for 5 paid days of illness or injury to all TTOC and Casual employees. It took effect immediately on April 1, 2022, after the 2021/22 Amended Budget was finalized and was therefore not budgeted for. The estimated cost of this change ranges from \$500,000 - \$1 million per year.

Benefits

Actual employee benefits were considerably lower than last year because of a \$16.1 million expense that was included in the 2020/21 fiscal year resulting from the annuitization and transfer of the Non-Teaching Pension Plan (NTPP) to Sun Life Financial. As this was a one-time expense, the actual variance (after excluding this expense) is \$2.1 million less than the prior year and \$1.5 million less than the budget. These variances are a result of less availability, and usage, of health and dental benefits due to COVID and allowed the district to take premium holidays on health and dental payments



Services and Supplies

The remaining balance of 8.2% of the districts operating expenditures is spent on supplies and services. The tables below are derived from *Schedule 2B* of the financial statements. Overall, the district spent about \$3 million more this year than the prior year, while finishing roughly \$3 million below budget.

(\$thousands)	Actuals	Prior Year	\$	%	Budget	\$	%
Services	8,194	7,580	614	8%	8,597	(403)	(5%)
Student Transportation	485	315	170	54%	431	54	13%
Professional Development	1,422	1,181	240	20%	2,435	(1,013)	(42%)
Rentals and Leases	327	403	(75)	(19%)	430	(102)	(24%)
Dues and Fees	1,345	562	782	139%	559	786	140%
Insurance	1,371	1,505	(134)	(9%)	1,285	86	7%
Supplies	7,587	6,968	618	9%	10,200	(2,614)	(26%)
Utilities	5,389	4,606	783	17%	5,270	119	2%
Total	26,120	23,121	2,999		29,207	(3,088)	

Services

Service expenses were \$614,425 more than last year, as operations and professional contracting, began to normalize from the impact of COVID. However, the expenditures have not returned to pre-pandemic levels which is why actual expenses were \$403,000 below budget.

Student transportation

Student transportation expenses were \$169,815 higher than last year due to increased fuel surcharges and the absence of COVID grant funding that was provided in the prior year to assist with additional cleaning costs. This was offset by one less month of service during the school year (due to a COVID delayed start in bus and taxi service). Transportation expenses were \$53,913 higher than budgeted due to increased fuel surcharges and tariff rates, and the reinstatement of the T&E program that was on hold due to COVID. The T&E program transports students from their home school to the T&E center by taxi.

Professional development

Professional development expenses were \$240,362 higher than last year as travel restrictions began to lift in the latter half of the year and staff were able to participate in face-to-face conferences and other training opportunities. The International Education Department was able to start resuming the necessary travel required to rebuild the program's enrolment levels. Actual Expenses were still significantly under budget (\$1.0 million) as many professional development activities continued to be offered on-line and at a reduced cost for much of the school year.

Rentals and Leases

Rental and lease expenses were \$75,453 less than the previous year and \$102,457 less than budget. The underspend was due to savings from having fewer leased vehicles this year. The district purchased 6 new vehicles this year, eliminating all lease-related costs for the 6 vehicles they replaced.

Dues and Fees

Actual expenses for dues and fees were \$782,294 and \$785,519 higher than last year and budget. This was due to a greater number of new (1st time enrolling) students in International Education programs, for which the district pays a commission of 10-15% of the student's tuition to the agency that enrolled the student.

Commissions are paid after the student has been in attendance for at least 30 days, so a large amount wasn't expensed until March 2022, after the Amended Budget was confirmed.

Insurance

Insurance expense was \$133,592 less than last year but slightly higher (\$85,868) than budget. This is primarily due to the reduced number of international students in the program, who are required to enroll in the insurance. This results in lower Medical Services Premiums paid by the district.

Supplies

Supplies expense was \$618,417 higher than last year as regular operations resumed in a more normal setting and classes resumed in-person. Expenses were \$2.6 million less than budgeted on account of pandemic-created supply chain issues causing extended delays.

Utilities

Utilities expenses were \$782,778 higher than last year due to the increased cost of electricity, natural gas, recycling, and carbon taxes. Most of these increases were budgeted for, however, natural gas increases were higher than expected resulting in the utilities expenses to be over budget by 2.26% (\$118,970).





ACCUMULATED SURPLUS – OPERATING FUND

The school board has established an Accumulated Operating Surplus policy (*Policy #23 - Financial Reserves*) as part of its multi-year financial approach for stable and sustainable organization health. The following is an excerpt from the policy outlining the process of allocating the surplus funds remaining at year end:

3.7 Specifically, to the extent that there is an excess of revenues to expenditures (operating surplus) in any fiscal year the Board will allocate these funds as follows:

3.8 An Education Sustainability Reserve Account is to be established over a five-year period beginning in 2021, at an amount that represents 15% of the average of the preceding three years total International Education revenues and funded through surplus in excess of 2% of total operating revenues until this objective is achieved.

a. Use of funds from this reserve is subject to Board approval as evidenced through the approval of the Preliminary or Amended Budget process or by specific Board motion.

3.9 25% of the balance of the operating surplus funds be directed and restricted for one-time opportunities primarily associated with technology, educational initiatives, and deferred maintenance of facilities. This amount will not exceed \$1.25 million annually.

3.10 The balance of operating surplus funds will be restricted and allocated equally over the subsequent three fiscal years, not including the immediately following year; the purpose of which is to support student success in alignment with the strategic plan.

3.11 The funding allocation shall not be more than the current year aggregate surplus budgeted in the year unless approved by the Board.

3.12 Any remaining unallocated surplus funds will be restricted and placed into a fiscal year following the three-year period noted above.

This allocation method provides financial stability for future years staffing while reducing volatility by smoothing peak surplus years. The education sustainability reserve provides a funding source for one-time initiatives and/or a further buffer and support for those years in which available surplus is less than the amount required to maintain staffing stability. This will be crucial as changes in the ministry funding formula unfold.

Schedule 2 of the financial statements show an operating surplus of \$10.4 million for the current year before transfers to or from other funds (i.e., capital). \$3.4 million was transferred for amounts that meet the criteria to be capitalized, such as computers, furniture, and equipment. Another \$6.1 million was transferred to local capital, specifically set aside for the Burke Mountain capital project (see pg. 35). The net result is the total operating surplus of \$855,907 for the year before usage of accumulated reserves.

Current Year Surplus Summary	Amount
Operating Surplus (Deficit) for the year	10,365,327
Tangible Capital Assets Purchased	(3,433,647)
Sub-total	6,931,680
Transfer to Local Capital	(6,075,773)
Total Operating Surplus (Deficit), for the year	855,907
Use of Prior Year Reserves	10,790,210
Use of Solvency Reserve Account	2,313,266
2021/22 Surplus	13,959,383

Usage of prior year reserves (\$10.8 million) is comprised of the 25% allocation from each of the previous three years surplus allocation as illustrated above, utilization of funds reserved for one time technology and maintenance initiatives, and other specific restricted uses as identified in the previous year.

Per page 9, SD43 received approval to terminate and wind up the Non-Teaching Pension Plan effective December 31, 2021. As a result of the annuitization and wind-up, the remaining balance of \$2.3 million in the pension stabilization is no longer required for pension funding purposes and was released back to the district for operational needs. The net result is a \$13.9 million surplus for the 2021/22 fiscal year.

Surplus Continuity Summary

The table below details the intended future use of the operating surplus as approved by the Board. The totals in the *Opening Balance* and *Closing Balance* columns are captured on the audited financial statements in *Note 22 - Internally Restricted Funds*.

Description	Opening Balance	2021/22 Utilized	2021/22 Reserved	Closing Balance
Operating Surplus Restricted for Future Years				
2021/22 - Staffing Stabilization Provision	3,750,000	(3,750,000)	0	0
2022/23 - Staffing Stabilization Provision	3,750,000	0	0	3,750,000
2023/24 - Staffing Stabilization Provision	2,500,000	0	1,250,000	3,750,000
2024/25 - Staffing Stabilization Provision	1,250,000	0	1,250,000	2,500,000
2025/26 - Staffing Stabilization Provision	0	0	1,250,000	1,250,000
Facility & Maintenance Initiatives	1,096,993	(291,368)	625,000	1,430,625
Technology Initiatives	1,002,215	(358,339)	625,000	1,268,876
Education Stabilization Reserve	2,471,790	(1,686,734)	2,261,958	3,047,014
Operating Surplus Restricted - One-Time				
2021/22 - Staffing Stabilization Bridging	1,712,461	(1,712,461)	0	0
2021/22 - Incremental Learning Support	637,539	(637,539)	0	0
Operating Surplus Restricted - Other				
School Carryforward (inc. Indigenous Education)*	2,203,171	(2,203,171)	3,947,425	3,947,425
ESA Contingency Reserve	0	0	1,000,000	1,000,000
Burke Mountain	0	0	1,750,000	1,750,000
Teacher Mentorship Funds	695,000	(20,615)	0	674,385
Business Systems Initiative	294,990	(129,983)	0	165,007
Subtotal Balance	21,364,159	(10,790,210)	13,959,383	24,533,332
Pension Stabilization Account	2,313,266	(2,313,266)	0	0
RESTRICTED OPERATING SURPLUS	23,677,425	(13,103,476)	13,959,383	24,533,332

* School Carryforward balances make up part of the overall surplus but are restricted and therefore cannot be allocated to other sources

The School Carryforward balance represents funding that was provided to schools during the current year that was not fully expended and has been restricted for use in the next school year.

Additionally, at the June 21st board meeting, the board agreed to restrict \$1 million to mitigate the unfunded cost of the change to the Employment Standards Act, and \$1.75 million to meet the Burke Mountain funding agreement (see p.34). Remaining unallocated funds were restricted in the Education Stabilization Contingency. Employing this strategy will mitigate the following known financial risk areas:

1. Restoration of the International Education programs from events such as the pandemic or other international events or economic policies beyond our control that have negatively impacted revenues. These revenues help to maintain the districts educational services.
2. Grant funding shortfalls from the Ministry of Education and Child Care, specifically for unfunded costs such as benefit increases, inflationary increases, and supplementing supports for vulnerable students.

The Teacher Mentorship Funds represents targeted grant funding provided to enhance training and mentorship programs for new teachers; spending to be determined by the Coquitlam Teachers Association.

Resource Allocation with Directions 2025

The school district is committed to a model of transparent resource allocation that is directly aligned with its strategic vision and goals, *Directions 2025*, established by the Board.

The districts three goals and two cross-cutting themes are defined below:

GOAL	OBJECTIVE
1: INTELLECTUAL DEVELOPMENT <i>Achieve Student Success</i>	Our core work and common goal is educational excellence.
2: HUMAN AND SOCIAL DEVELOPMENT <i>Develop the Educated Citizen</i>	Enhance development of self-worth, personal identify and social responsibility while valuing the diversity of all learners
3. ORGANIZATIONAL CAPACITY <i>Foster a Sustainable Education Organization</i>	Ensure that our human, financial and physical resources and sustainable.
CROSS CUTTING THEME	OBJECTIVE
TECHNOLOGY	Quality Information; Equitable Access; Human Capacity
SOCIAL ENGAGEMENT	Global and Digital Citizenship; Environmental Stewardship; Community Relationships

These goals drive the districts mission (p.2), which is to ensure quality learning opportunities for all students of all ages. The cross-cutting themes are underlying themes that enhance districts work and informs its practices in the process of implementing its strategic goals.

Specifically, the surplus continuity summary on the previous page is aligned with the district’s strategic plan and goals as follows:

Description	Goal 1	Goal 2	Goal 3	Cross Cutting Themes	
Operating Surplus Restricted for Future Years				TECHNOLOGY	SOCIAL ENGAGEMENT
2022/23 - Staffing Stabilization Provision	•	•			
2023/24 - Staffing Stabilization Provision	•	•			
2024/25 - Staffing Stabilization Provision	•	•			
2025/26 - Staffing Stabilization Provision	•	•			
Facility & Maintenance Initiatives			•		
Technology Initiatives	•				
Education Stabilization Reserve	•		•		
Operating Surplus Restricted - Other					
School Carryforward (inc. Indigenous Education)*	•				
ESA Contingency Reserve			•		
Burke Mountain	•	•			
Teacher Mentorship Funds	•	•			
Business Systems Initiative			•		

Each line of the restricted operating surplus is tied to at least one goal or cross-cutting theme. This further ensures that the district is allocating its resources in a way that fulfills its vision, mission, purpose, strategic goals and objectives, and is in alignment with its stated core beliefs and principles (see pages 2-3).



SPECIAL PURPOSE FUND (SPF): SCHEDULE 3

Special Purpose Funds consist of targeted funding allocated to school districts for a specific purpose. The annual funding received varies from year to year and is confirmed throughout the year. SPF revenues are only recognized as expenses are incurred. SPF's account for approximately 18.4% of the district's total expenses and are made up approximately 25 different funds as summarized below. A full description of each of the Special Purpose Funds has been provided in [Appendix A](#).

	Prior Year	Budget	Actuals	Variance
Deferred Revenue, beginning of year	13,053,763	12,908,036	12,908,036	(145,727)
Total Contributions Received	63,286,809	56,856,955	59,298,552	(6,429,854)
Less: Allocated to Revenue or Recovered by MOE	63,432,536	56,834,042	59,472,274	(6,598,494)
Deferred Revenue, end of year	12,908,036	12,930,949	12,734,314	22,913
Total Allocated to Revenue	63,121,377	56,547,952	58,787,264	(6,573,425)
Total Expenses	63,121,377	56,547,952	58,787,264	(6,573,425)
Net Revenue (Expense)	-	-	-	-

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.

Special Purpose Fund	Prior Year	Budget	Actuals
Annual Facilities Operating Grant (AFG)	1,139,623	1,115,585	1,115,585
Official Languages Education in French Programs (OLEP)	360,365	513,344	423,862
CommunityLINK (CLINK)	1,524,858	1,550,630	1,550,630
Strong Start (SS)	403,202	465,870	430,429
Ready Set Learn (RSL)	112,190	118,402	105,755
Learning Improvement Fund (LIF)	1,046,395	1,055,631	1,055,631
Classroom Enhancement Fund - Staffing (CEF)	30,496,898	36,130,385	36,130,385
Classroom Enhancement Fund - Overhead (CEF)	2,194,412	2,194,412	2,194,412
Classroom Enhancement Fund - Remedies (CEF)	1,905,869	2,254,014	2,345,501
Contractual Reserves	317,121	200,000	85,274
School Generated Funds (SGF)	5,324,738	6,000,000	7,695,909
Provincial Resource Program -Day Treatment (PRP)	150,081	150,877	150,877
Sick Leave Trust (SLT)	103,427	105,300	463,497
Settlement Workers in Schools (SWIS)	824,550	840,893	840,388
Language Instruction for Newcomers (ELSA/LINC)	1,941,802	2,276,539	2,316,998
Apprenticeship Program	213,724	217,863	131,479
Mental Health in Schools	44,253	113,780	81,308
Changing Results for Young Children	433	17,678	19,494
First Nation Student Transportation Fund	37,285	43,475	41,710
IRCC Career Program	250,256	53,931	53,931
FED C19 - K-12 Restart **(ONE-TIME)	12,032,083	-	347,858
PROV C19 - K-12 Restart **(ONE-TIME)	2,392,034	733,663	733,663
Others (Scholarships, Interest, Staff Development)	305,778	395,680	472,688
Total	63,121,377	56,547,952	58,787,264



Classroom Enhancement Fund

On March 10, 2017, the Ministry, the BC Public Schools Employers' Association, and the BC Teachers' Federation ratified a Memorandum of Agreement, pursuant to Letter of Understanding No. 17 to the 2013-2019 BCPSEA–BCTF Provincial Collective Agreement. The Memorandum of Agreement fully and finally resolves all matters related to the implementation of the 2016 Supreme Court of Canada decision.

The ratification of this agreement resulted in the establishment of the Classroom Enhancement Fund (CEF) to address the additional teacher and corresponding overhead costs associated with LOU #17. A summary of the CEF funded staff and cost is captured in the table below.

Note: LOU #17 has been deleted and a new Letter of Understanding (LOU#12) has been approved with the BCTF.

	FTE	Salaries	Benefits	Other Expenses	Total
Teachers	302.95	26,315,528	8,519,748	-	34,835,276
TTOC's		1,083,044	212,065	-	1,295,109
Remedy Costs	-	2,345,501	-	-	2,345,501
Education Assistants	33.00	1,254,726	442,143	-	1,696,869
Administrators	-	166,059	54,000	-	220,059
Other Staffing	1.00	145,195	34,664	-	179,859
Non-Staffing Expenses		-	-	97,625	97,625
Total	336.95	31,310,053	9,262,620	97,625	40,670,298

The school district is required to record and report actual costs incurred to the Ministry of Education and Child Care at the fiscal year end (June 20, 2022). If actual costs incurred are less than the approved amount, any unspent funds remaining are subject to being clawed back by the Ministry.

CEF funding is made of three separate components: Teacher Staffing, Overhead Costs and Remedy.

	Previous Year		Budget		Actuals	
	FTE	\$	FTE	\$	FTE	\$
Teacher Staffing	271.50	30,496,898	302.95	36,130,385	302.95	36,130,385
Overhead Costs	34.00	2,194,412	34.00	2,194,412	34.00	2,194,412
Remedy		1,905,869		2,254,014		2,345,501
Total	305.50	34,597,179	336.95	40,578,811	336.95	40,670,298

The school district received \$36.1 million in teacher staffing funding which provided staffing of 302.95 FTE teachers. Staffing increased over the prior year because of planned classroom additions, non-enrolling student to staffing ratio requirements and the usage of the flex factor.

The district received \$2.2 million in overhead funding which provided staffing of 33 Educational Assistants, 1 District Principal, mentoring cost of new teachers, some administrative cost of remedy tracking, and costs related to relief time for teachers to do Individual Education Plans (IEP's).

Initial remedy funding was based on extrapolation of actual October 2021 remedies incurred. Actual Remedy costs came in \$439,632 higher than the prior year, and \$91,487 more than budget. Since funding for remedy was based on estimates, the overage has been set up as a receivable and will be recovered from the Ministry in the following year.





COVID Funding Update

In 2021/22, the Ministry of Education and Child Care announced a new K-12 Recovery plan which included a one-time \$43.6 million investment for all districts in the province to plan a safe and near-normal return to school in September.

Mental Health in Schools

Included in the 2021/22 fiscal year is the Mental Health in Schools grant funding, a combination of \$64,033 one-time COVID-19 Recovery Plan funding and \$47,000 Early Actions Initiative funding. These funds were used to assist in addressing the mental health impact of the pandemic on students and staff members.

Provincial - Safe Return to School /Restart: Health & Safety

To address the ongoing concern with respect to Health and Safety in classrooms, a one-time grant was provided to support for enhanced cleaning and disinfecting requirements, hand hygiene, cleaning supplies, and restocking of personal protection equipment (PPE) supplies. SD #43 – Coquitlam received \$733,663 in one time grant funding and this was used to hire 10 FTE temporary custodians for enhanced cleaning and to buy additional cleaning supplies.

Federal - Safe Return to Class /Ventilation Funding

In addition to the Provincial Safe Return to School Fund, the Federal Government also announced one-time funding for improved ventilation to be provided through the Federal Safe Return to Class Fund. The school district was allocated a total of \$547,932. In anticipation of these funds, \$347,858 was spent to purchase over 220 standalone HEPA filtration units for classrooms with non-mechanical ventilation systems. The remaining grant funds will be spent on HVAC system upgrade initiatives to be completed by November 2022. As of this report, the district has not yet received the funds but has set up a receivable for the anticipated funds.



CAPITAL FUND: SCHEDULE 4

The table below is a summary of the Schedule of Capital operations – see *Schedule 4* of the financials.

	Previous Year	Budget	Actuals
Revenues	15,719,425	16,310,000	16,676,753
Expenses	19,131,828	21,400,000	21,372,378
Capital Surplus (Deficit) for the year	(3,412,403)	(5,090,000)	(4,695,625)
Fund Transfers	11,427,568	8,500,000	9,509,420
Change in Accumulated Surplus	8,015,165	3,410,000	4,813,795
Opening Accumulated Surplus	199,806,577	207,821,742	207,821,742
Closing Accumulated Surplus	207,821,742	211,231,742	212,635,537

Capital fund revenues and expenses reflect the capital activities of the school district. Revenues comprise of lease income from closed schools, investment income from capital fund balances and any gain on sale of capital assets. Revenues also include capital funding received from the Ministry that is recognized over the life of the asset that the funding was provided for, such as school buildings.

The recognition of this capital revenue is generally consistent with the recognition of expenses, which is done through the amortization of the asset's useful life. Fund Transfers represent transfers from the Operating Fund used to purchase capital assets such as computers, furniture and equipment and contributions to local capital for future capital projects.

The table below summarizes the school district's Restricted Capital Funds, which have specific restrictions on their use.

Capital Funds	June 30, 2021	June 30, 2022	Variance
MEd Restricted capital:	\$5,155,771	\$5,677,779	\$522,008
SSAC Capital:	9,846,686	11,334,867	1,488,181
Other Provincial Capital:	2,111,545	2,779,080	667,535
Other Capital:	5,869,702	1,714,696	(4,155,006)
Total Deferred Capital Revenue	22,983,704	21,506,422	(1,477,282)
Local Capital:	42,892,871	32,350,564	(10,542,307)
Total Capital Revenue Received	65,876,575	53,856,986	(12,019,589)

(Ministry of Education and Child Care) Restricted Capital: These are funds held on behalf of the Ministry of Education and Child Care and may include their portion of proceeds on the disposal of land and buildings, and any surpluses from completed MOE funded capital projects. The balance in this fund increased by \$522,008 of which \$63,772 is from interest earned; \$1,200,525 were surplus transfers from completed COA funded capital projects that came under budget (Westwood Elementary and Charles Best Secondary); and less \$742,288 of expenses incurred year to date for building the new Moody Elementary.

School Site Acquisition Charge (SSAC) Capital: These funds represent amounts collected by the district from the municipalities and villages (as part of the school site acquisition charge) which will be used for future school site land purchases identified in the capital plan with an estimated cost of \$161.2 million. This fund increased by \$1.49 million during which includes \$124,672 in interest earned. The current available balance as at June 30, 2022 is \$11.3 million.



Other Provincial Capital: In March 2020, the district signed a funding agreement in partnership with the Ministry of Children and Family Development to receive the *Childcare BC New Spaces* fund and received \$1.56 million (65%) as an advance for new childcare spaces at Irvine Elementary School (currently part of a seismic replacement) and \$0.55 million (40%) for childcare space at the new Coast Salish Elementary. At the end of the 2020/21 school year, SD43 entered into an agreement for new childcare spaces to be provided at the new Moody Elementary school. The district received \$0.64 million (40%) for the project during the current fiscal year. Remaining funding will be received as projects progress, with 10% of the final amount paid upon project completion.

Other Capital: These funds represent proceeds from the Glen Elementary land sale with the City of Coquitlam to build an artificial turf field at Centennial Secondary and playground upgrades at Glen Elementary. The decrease in this fund recognizes the completion and capitalization of the artificial turf field that was completed in April 2022. The remaining balance represents the value of the playground improvements still to be completed at Glen Elementary and other miscellaneous contributions received.

Local Capital: Local capital funds are designated for local capital expenditures and have been restricted for the following capital items:

Projects	June 30, 2021	June 30, 2022	Variance
Education Learning Centre:	27,080,929	13,520,421	(13,560,508)
Centennial NLC space	500,000	500,000	0
Information Technology Infrastructure	1,383,581	1,383,581	0
Vehicle Replacement	378,000	74,641	(303,359)
Scott Creek Middle - 10 classroom addition	9,948,003	0	(9,948,003)
Burke Mountain	0	15,948,003	15,948,003
Miscellaneous (QNET Expenditures)	923,918	923,918	0
Portables	2,678,442	0	(2,678,442)
Total	42,892,873	32,350,564	(10,542,309)

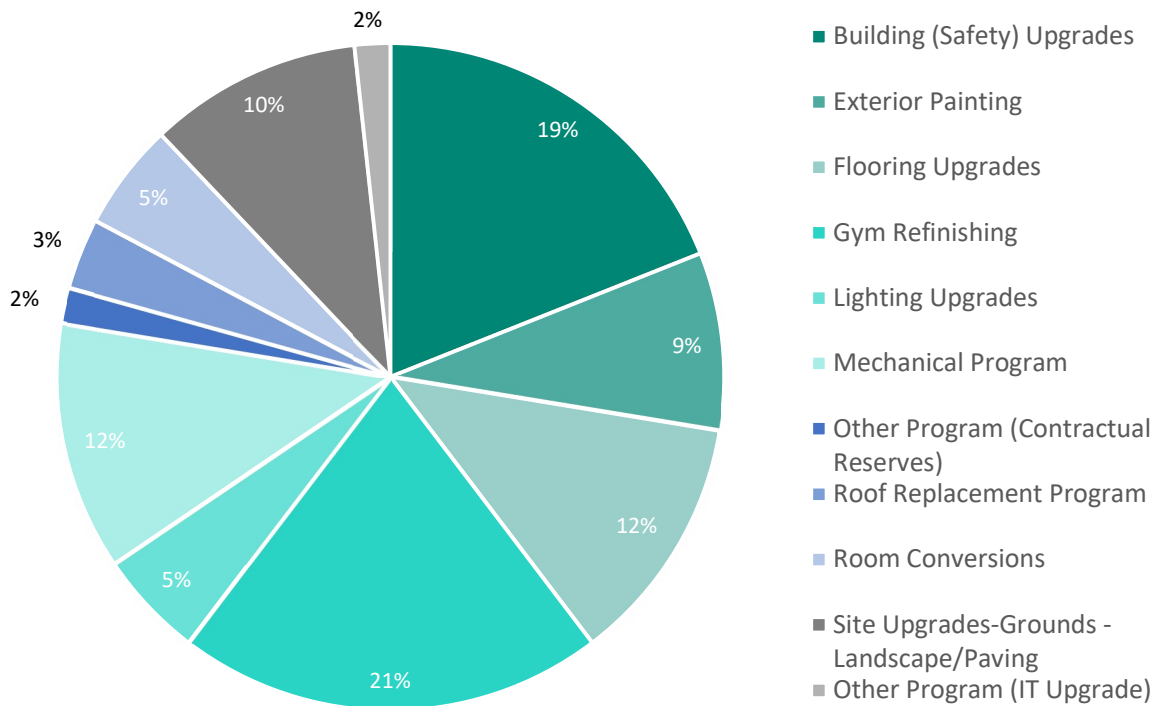
The net decrease from the prior year was driven by the expenses for the new ELC building and the purchase of several portables to accommodate growth. As part of the Burke Mountain capital project agreement, the Ministry will fund the full cost of the Scott Creek Middle School 10-classroom addition project. This ultimately frees up approximately \$10 million that will be reallocated to the Burke Mountain project, which the district is required to fund \$25 million.

Once a project is complete, any remaining funds will be repurposed to other projects based on priority as previously determined by the district.



Annual Facility Grant (AFG)

The Annual Facility Grant is provided by the Ministry for designated school capital or maintenance upgrades. \$5.7 million was provided by the Ministry for the 2021/22 school year and was expensed on the following projects as illustrated below:



The district completed 58 AFG funded projects last year, detailed in the table below. These projects are in addition to work financed by SD43 operating funds. Note that upgrades, which account for almost half (48%) of all AFG expenses, are designated by type.

Project Type	Total
Building (Safety) Upgrades	11
Exterior Painting	5
Flooring Upgrades	7
Gym Refinishing	12
Lighting Upgrades	3
Mechanical Program	7
Other Program (Contractual Reserves)	1
Roof Replacement Program	2
Room Conversions	3
Site Upgrades Grounds - Landscape/Paving	6
Other Program (IT Upgrade)	1
Total	58



Major Capital Projects: In progress/completed

The district is engaged in various capital projects throughout the year. The following is a summary of some of the major projects undertaken during the year.

Education Learning Centre

As depicted on page 28, the new Educational Learning Centre (ELC) located at the Winslow Centre Campus has been completed and occupancy began in July 2022. This building replaced the old Board office located off Poirier and consolidates functions that were previously performed at multiple facilities throughout the district. This building was funded by SD43 through local capital and includes a large conference room that will allow larger gatherings for training and meeting purposes.

New Sports Field

Centennial Secondary – Artificial Turf Field: The long-awaited turf sports field, located next to Centennial Senior Secondary, finished in April 2022. This state-of-the-art facility, costing \$4 million, is used by students during school hours and by the community after other non-school times through a joint-use agreement between the City of Coquitlam and School District No. 43 – Coquitlam.

New School Construction

Coast Salish Elementary: This new school, located in the Burke Mountain area of Coquitlam, is in the final stages of construction, with phased occupancy planned for fall 2022. The school has a capacity of 430 including 4 kindergarten classes. This was a \$52.2 million project with \$47.2 million funded by the Ministry and \$5 million by SD43. The school will also include before and after school care as well as preschool spaces, with funding provided by the Ministry of Children and Family Development as part of the *Childcare BC New Spaces* funding initiative.

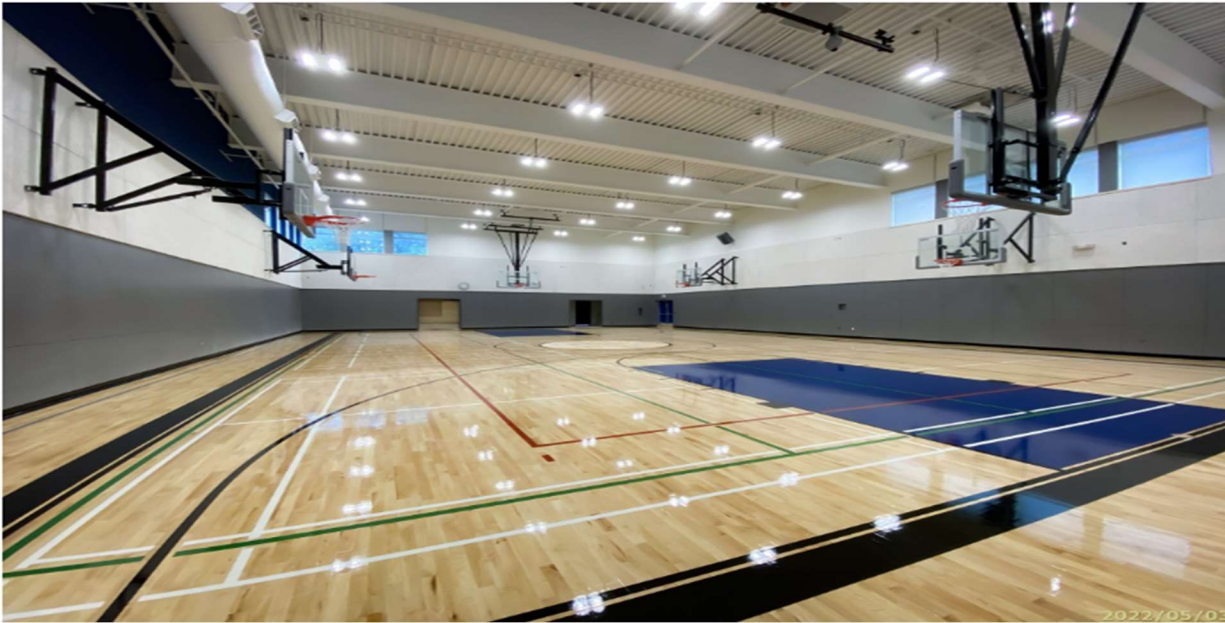


Seismic Replacement/Upgrade

Centennial Secondary – NLC Building: Finishing work continues. Demolition of the old school has been completed and construction is underway of the Neighborhood Learning Center, with an expected completion by early fall 2022. This building will be used for community and district programming and includes a new gymnasium for Centennial Secondary.



Irvine Elementary: This \$24.3 million school replacement, funded by the Ministry, was completed in late June and staff and students were able to move into the new building before the end of the school year. The new school has a capacity of 505 students, including 80 kindergarten spaces as well as 60 childcare spaces funded by the Ministry of Children and Family Development as part of the *Childcare BC New Spaces* funding initiative. Abatement and demolition of the old school has commenced.



Moody Elementary: This new school, to be located on the Moody Middle school site will have a capacity of 385 with a core of 450 and includes up to 60 licensed childcare spaces with funding provided by the Ministry of Children and Family Development as part of the *Childcare BC New Spaces* funding initiative. This is a \$37.2 million project with \$32.2 million funded by the Ministry and \$5 million by SD43. The project is in the design phase at 70% completion. Building permit applications are currently pending with tendering anticipated by November 2022.



Classroom Additions

Panorama Heights Elementary: Four-classroom addition for increased enrolment and class size and composition requirements. Project has been completed while minor deficiencies and maintenance manuals are underway.

Major Capital Projects: Planning

New School Construction Planning

Burke Mountain Middle/Secondary School: The district received Ministry approval for this long-awaited project, upon the Board agreeing fund \$25 million of the total cost (estimated to be \$159.9 million) over the next 5 years. Funds from the operating budget (\$6 million) were transferred into local capital this year. A concept plan has been approved by the Ministry and an RFP has been sent out for an Architect and a consultant team. The current anticipated completion and occupancy date of January 2026. This site will be built with a capacity of 1,000, housing both middle and secondary students and includes the provision for the City of Coquitlam to develop the play field infrastructure, with funding support provided by Wesbild, a land developer.

Seismic Replacement/Upgrade Planning

École Dr. Charles Best Secondary: An updated concept plan has been submitted for a seismic upgrade to be done in conjunction with a 12-classroom addition that would increase capacity by 300 students. Total project cost is estimated at \$78.2 million and is pending approval by the Ministry.

Montgomery Middle: A PDR report has been submitted to the Ministry for a seismic replacement with a capacity of 550 along with potential NLC space and is currently pending approval

Minor Capital Projects

Portable Additions

The district purchased and administered the installation of 13 new portables required for enrolment growth and class size and composition requirements for September 2021 at the following sites:

- *Smiling Creek (4)*
- *Roy Stibbs Elementary (2)*
- *Minnehada Middle (2)*
- *Banting Middle (2)*
- *Moody Elementary (2)*

Building Envelope Program Funding (BEP)

Roy Stibbs Elementary, Pinetree Way Elementary, Mountain Meadows Elementary and Bramblewood Elementary: Received support in March 2020 for Building Envelope Repairs with BC Housing. These projects are currently in the design development stage and anticipated to move to construction phase in the spring of 2023 and 2024 for Roy Stibbs Elementary and Pinetree Way Elementary, respectively.

Riverside Secondary, Glen Eagle Secondary: Awaiting further approvals from the Ministry.

School Enhancement Projects (SEP)

School enhancement projects were completed for:

- **Pleasantide Elementary** – Building Enclosure Upgrade (Phase 2)

Playground Equipment Program (PEP)

Playground Equipment projects were completed for the following during the year:

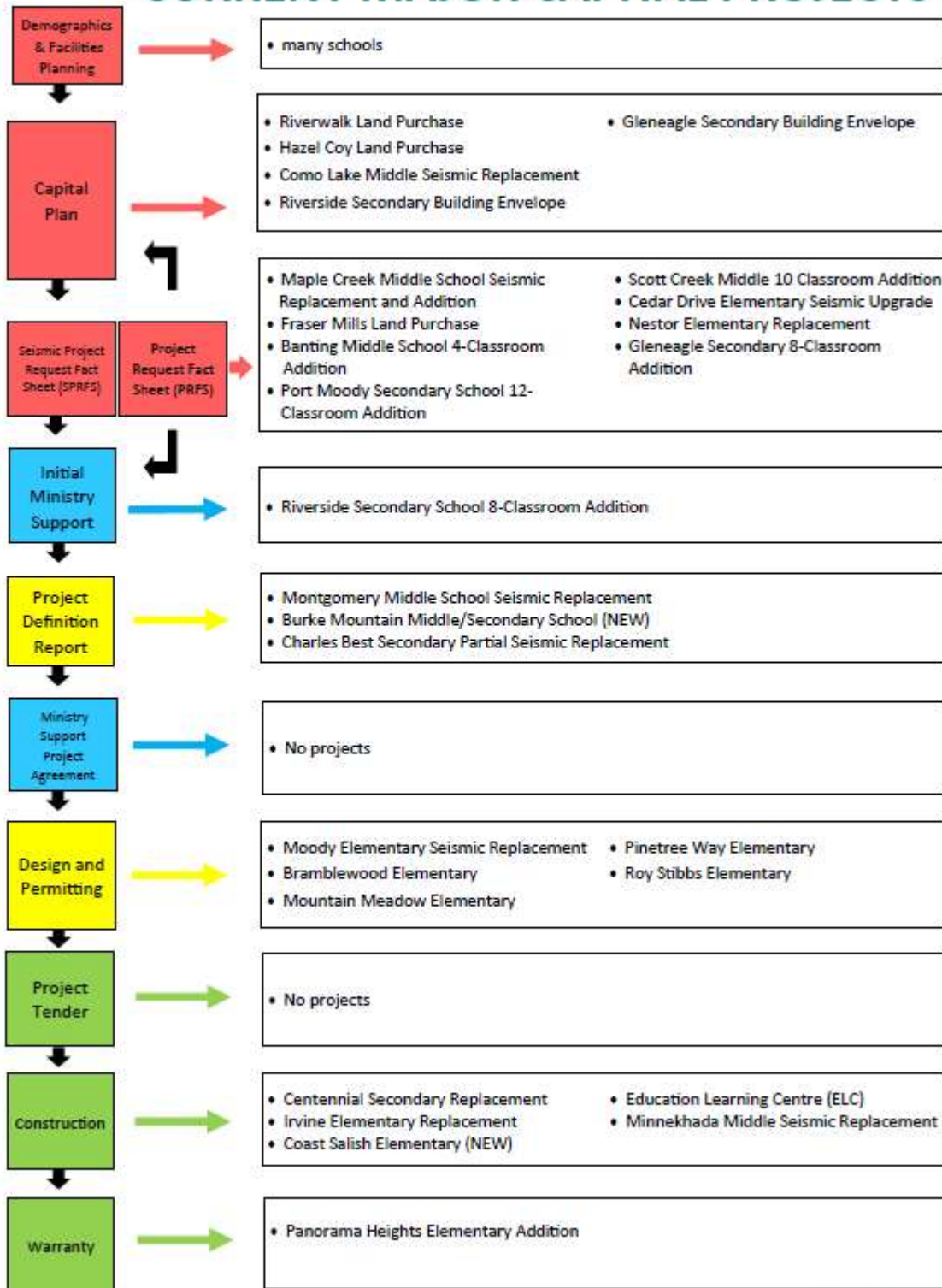
- **R.C. MacDonald Elementary** – Universally accessible playground equipment
- **Minnehada Middle** – Universally accessible playground equipment

Carbon Neutral Capital Program (CNCP)

- **Moody Secondary** – Electrical Upgrades

Flowchart of Major Capital Projects

CURRENT MAJOR CAPITAL PROJECTS



Updated: June 30, 2022

For details and updates of each capital projects, please refer to the district's Capital Projects website [https://www.sd43.bc.ca/CapitalProjects/Pages/default.aspx#/=">](https://www.sd43.bc.ca/CapitalProjects/Pages/default.aspx#/=)





INTRODUCTION



HIGHLIGHTS



FINANCIALS



RISK & UNCERTAINTY

RISK & UNCERTAINTY



FUTURE FINANCIAL STABILITY

There are several factors that could influence the school district’s stable and healthy financial situation during the 2021/22 school year and beyond.

In 2017, a risk assessment was completed which identified 29 areas of risk. One new risk was added this year with respect to Climate Change. This is in keeping with Directions 2025 and the crosscutting theme on Social Engagement and Environmental Stewardship. The Board is provided with an annual update on the efforts to mitigate these identified risks, however a number are outside the immediate control of the school district. The operationalization of the accumulated surplus policy helps to reduce or mitigate the following financial risks to the district:

International Education

The school district is heavily reliant on International Education programs to provide a significant source of additional revenue funding to reduce the gap on grant funding shortfalls and provide support for vulnerable students and those requiring mental health supports. In recent years, the Board has moved to adopt best practices in this area which requires the school district to confirm the net income from these programs (and especially 2nd semester enrolment) before deploying these funds into educational services. This is an important area to help support Direction 2025 goals and cross cutting themes.

COVID-19 continues to severely impact International Education student enrolment numbers which will affect the program’s ability to provide the same level of financial support as it has in the past, pre-pandemic. The district is working closely with both Provincial and Federal officials to address and overcome the unintended consequences resulting from government’s response to the pandemic. The current policy on the distribution of accumulated surplus funds will help to mitigate some of the financial risk.

Facilities – Capital Funds

As we have noted in previous reports, tackling system stresses to address increased demand for enrolment space in elementary schools, especially in the northeast sector of the school district and Burquitlam area, requires intensive forward-looking capital planning. In some situations, this involves the advancement of local capital funds to mitigate the risk of school overcrowding and student and staff safety.

The requirement to comply with collective agreement language places an increased burden and demand on class space. Unrestricted local capital is essentially nil (‘0’) leaving the inability to fund new classroom additions, portable placements, or further classroom conversions until the Ministry of Education and Child Care provides the commitment to fund facility requirements. Significant lack of funding for capital projects creates a requirement to redirect funds out of the classroom to meet this requirement. At the same time, there is increasing requirements from the provincial government for school districts to help finance capital building programs. This redirection of funds eliminates money that is currently used for education.

This was never more evident than with the approval of the Burke Mountain Middle/Secondary School project. After years of public and board support calling for this much-needed school, the Ministry of Education and Child Care approved the project subject to the board agreeing to fund \$25 million of the total cost, of which \$6 million was transferred from the operating budget this year. This creates a situation in which the district, in an under-funded position, must prioritize and address the most pressing concerns first, instead of turning their focus to enhance education for all students concurrently.

Continued advocacy for adequate capital funding and the potential to dispose of excess assets provides the ability to enhance and augment available provincial funding for facility requirements. The need to provide for an adequate surplus to address this risk is critical. (Recommendation #20 & 22 of the *Report of the Funding Model Review Panel*).



Technology and Business System Requirements

The demand for upgrading technology hardware, software, and systems continues at a rapid pace. Providing the required services and ensuring that information is secure necessitates increased financial resources. Technology in support of education will allow us to implement the paradigm shift and transformational education required to be on the cutting-edge in the 21st-century.

Technology in support of the framework for enhancing student learning and more real-time reporting on student progress is a crucial undertaking. MyEdBC student administration system requires enhancements to meet the ongoing needs for improved data and reporting. System security remains a high concern. While a multi-year plan has been developed for some aspects of school district requirements, additional resources will need to continue to be directed into this area.

Sustainable technology funding is lacking while at the same time, usage of technology as an education delivery tool continues to grow. This has never been more evident than during the shift from in class to on-line instruction during the pandemic.

Generating financial certainty will provide funding that will help sustain the level of technology needed to provide one-time funds to invest in business systems. This is dependent on the outcome of the funding model review and grant funding adequacy.

Changes to the Employment Standard Act (ESA)

On March 31, 2022, Royal Assent was received for the following two amendments to the *Employment Standards Act* (ESA):

1. Annual entitlements for sick leave under the ESA are now based on calendar year, rather than employment year.
2. Employees covered by collective agreement language that meets or exceeds the minimum entitlement paid illness and injury leave are no longer exempt from its application under Part 1, Section 3 Scope of the ESA.

The second change means that the five (5) days of annual paid illness and injury leave under the ESA are now available to all employees who do not already receive five (5) or more sick/injury days (TTOC's and casual employees). This change took effect immediately after the 2021/22 Amended Budget was finalized and was therefore, not budgeted.

The anticipated cost of this change ranges from \$500,000 to \$1 million per year. As the annual entitlements are based on a calendar year, there is a risk of a “doubling” effect in a fiscal period (July 1-Jun 30), which could cost the district up to \$1.9 million in a single school year. The Ministry of Education and Child Care has not announced if this change will be funded for, putting the district under increased pressure to move funds away from education.

Funding Adequacy: Inflation and Cost Pressures

Grant funding increases include collective agreement wage and salary increases but do not include funding for inflationary costs, including benefits, or wage (step) increases for non-collective agreement staff. Inflation rates are at highest levels not seen in the last 40 years. This issue was raised in the *Report of the Funding Model Review Panel* (Recommendation #18).

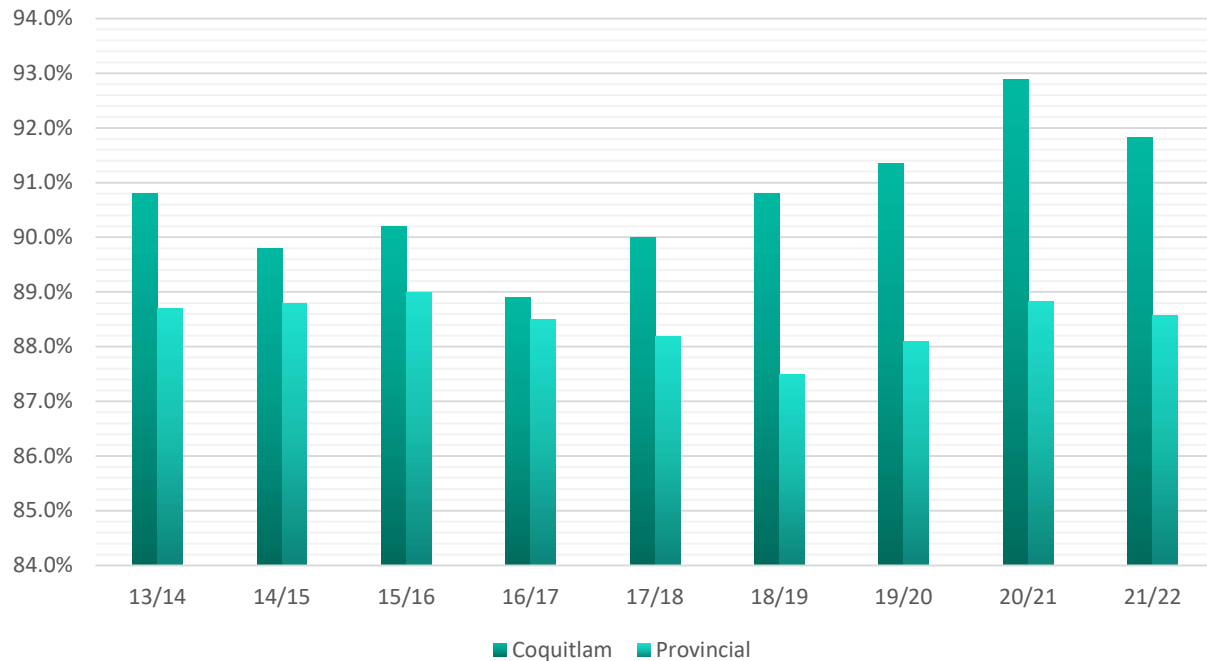
As part of the budget process, SD43 takes into consideration statutory and other similar requirements as a priority before addressing other cost pressure elements. With 90% of the budget in staffing and related benefit costs, any funding shortfall would likely result in reduced staffing levels.



Grant Funding Shortfall

The Operating Grant revenues is the single largest source of funding for the school districts operating expenses. The Ministry provides funding based on student enrolment, unique student needs, and other supplemental funds. Although the ministry increased the basic grant per student by \$325 in 2021/22, contractual increases that had previously been funded separately (Teacher and CUPE 2% wage increases, Teacher step increments) were included in the basic grant. The net result was an underfunding of \$541,034.

As reflected in the graph below, 91.8 % of the school district's operating expenditures are associated with salaries and benefits, compared to the Provincial school district average of 88.6%. This level has remained consistently higher than the Provincial average, illustrating how the Coquitlam school district allocates more of its resources to staffing compared to other school districts across the province.



This level of underfunding cannot be absorbed by the district without reductions elsewhere. The district already spends less than 8% of its operating expenses on services and supplies and has little ability for further reductions in this area. Benefit costs are also rising and are contractual in nature and cannot be reduced. This level of underfunding is not sustainable without reductions to staff which can have a negative impact on providing learning opportunities for our students and staff retention.

Grant Funding Model Implementation

In 2018, the Ministry initiated a review of the current grant funding model that has been in place since 2002. The report of the Funding Model Review Panel was released in late December 2018 under the title of *Improving Equity and Accountability*. While the initial intent was to implement the recommendations for the 2019/20 school year, the significance of the recommendations required it to be delayed as further consultation occurred. The recommendations were assigned to four working groups with representatives from all educational sectors. These groups were charged with the purpose of reviewing and determining how the recommendations should be implemented.

On February 7th2020, the Ministry of Education and Child Care announced that it would implement the recommendations in two phases (see details of the announcement [here](#)). Phase 1 recommendations has been implemented in the 2020/21 school year. The recommendations are primarily associated with accountability and financial matters, however the implementation of a new grant – *Equity of Opportunity* - which replaced the Vulnerable Student grant resulted in reduced funding to SD43. Phase 2

recommendations, primarily associated with funding equity, is expected to be implemented sometime soon (COVID-19 added to the delay in implementation). There are several recommendations in Phase 2 that could have a significant negative impact on current levels of Ministry funding to our school district. These include:

- Recommendation #6: Change to a prevalence model for the funding of some students with special needs (identified Level 3 funded students) which could reduce funding for these students
- Recommendation #9: Elimination of course by course funding
- Recommendation #10: Potential change to Distributed Learning delivery program

With no new funds to be injected into the K-12 Education system, changes to the current Funding Model (as realized) have the potential to negatively impact our district as grants are redistributed to other school districts.

Collective Agreement Bargaining

On June 30, 2022 both CUPE and BCTF collective agreements expired. Bargaining negotiations commenced during the 2021/22 school year but were not completed prior to expiration. Despite the strong working relationship that the School District has nurtured at the local level, Provincial bargaining with BCTF and CUPE remains a significant concern as it is largely out of local control. With no agreement in place, employees in both unions will continue their contracts without any pay increases. Compounded by the strike notice announced by BCGEU on August 12, 2022, plus the highest inflation rates not seen in the past 40 years, school districts face the potential risk of strike action by either group (or possibly, both). Labour disruptions can significantly impact the educational system and damage strong working relationships that the district has built with staff. A strike would also be harmful to student learning as many are still recovering from the impact from the pandemic.



APPENDIX A - Special Purpose Funds Descriptions

Annual Facility Grant (AFG)

The Annual Facility Grant was established to account for Ministry of Education and Child Care grants and expenditures relating to annual facility maintenance projects. The AFG allocation is comprised of both a special purpose fund allocation and a bylaw capital allocation.

AFG funds may be spent for the purpose of:

- upgrading or replacing existing facility components throughout the expected economic life of an existing capital asset;
- enhancing the service potential of an existing capital asset or a component of an existing capital asset by correcting deficiencies in design or construction and unsafe conditions;
- significantly lowering the associated operating costs of an existing capital asset; or
- extending the life of an existing capital asset or a component of an existing capital asset beyond its original life expectancy.

SD43 must provide the Ministry with the AFG project spending plan prior to April 30 of each year.

Changing Results for Young Children (CR4YC)

This fund is a partnership with approximately 47 school districts and the United Way of the Lower Mainland to implement on-going collaborative professional learning among early learning educators across school and communities to support social, emotional, and learning outcomes for children in the early learning years (birth through age eight).

Community LINK

Community LINK (Learning Includes Nutrition and Knowledge) funding from the Ministry of Education and Child Care is designed to support the academic achievement and social functioning of vulnerable students. Programs and services can include breakfast, lunch and snack programs, academic supports, counseling, youth workers and after-school programs. Additional funding is provided through public donations.

The current funding allocation is insufficient to meet the growing needs of the program which results in some of the expenses to be absorbed in the operating budget.

Contractual Reserves

The school district participates in a joint use agreement with Douglas College and the City of Coquitlam at Pinetree Secondary School. The school district holds the reserves for this partnership for facility renewal purposes. A second joint use agreement exists with the City of Coquitlam related to the Centennial field.

Day Treatment (Simon Fraser Youth School Program)

This fund represents educational programming services offered to youth receiving intensive structured psychiatric care through the Fraser Health Authority.

Language Instruction for Newcomers to Canada (LINC)

These two programs are designed to assist the parents of newcomers and refugee children improve their English skills, learn about Canadian society, laws and health care, the job market and other important information to support successful life in Canada. LINC enables our District to help parents connect with the local community, find volunteer work and network with other new Canadians. The program provides three free childminding centres for two to five-year old's to be cared for while their parents are in LINC/ELSA classes.

Learning Improvement Fund (LIF)

The Learning Improvement Fund (LIF) was established by the province for the purpose of providing additional resources, specifically targeted to support complex classes that present challenging learning conditions. Districts are required to submit a spending plan to the Ministry of Education and Child Care by October 2019 for approval. To develop the spending plans, district staff work collaboratively with CUPE. In the past these funds have been utilized to create additional Education Assistant (EA) positions and provide additional hours of support to all EA's.

Official Language Education Program (OLEP)

The Ministry of Education and Child Care administers federal funding intended to support incremental costs resulting from offering French as a second official-language instruction in BC. All French funding is to be spent by June 30th of each year. An annual report outlining how the funds were spent and what benefits were derived is required at the end of the fiscal year.

Ready Set Learn

The Ready Set Learn funding is provided by the Ministry of Education and Child Care that allows the district to facilitate community events targeted towards 3-year-old children. The events are about providing good information on how to support a young child's early learning and development, and how to help develop positive connections between families, the school system and local community agencies.

Scholarships and Bursaries

Scholarships and bursaries are established and awarded through the generosity of individuals and corporations in our community. The scholarships and bursaries administered by the school district range from memorials to honour the passing of a loved one, to corporations and individuals wanting to give back to the community. In September 2019, the *SD43 Education Foundation* (the Foundation) was established as a registered charitable organization. Since then, most new scholarships and bursaries have been donated through the Foundation.

School Generated Funds

This fund represents the monies held by individual schools. Each school has its own bank account and records the funds received and disbursed throughout the year. These funds are raised at the school level through fundraising, cafeteria revenue, school store revenue, and various other activities. The school generated funds are intended to be used to fund activities that directly benefit the students in the school.

Settlement Workers (SWIS)

The SWIS program is a school-based service for new immigrant families to meet their immediate and ongoing settlement needs. Families who have children in the district are connected to schools and community and government organizations. SWIS services include settlement support, culturally sensitive services, workshops, and links to various resources.

Sick Leave Trust

This fund represents contributions received from support staff workers and matched by the Board, to provide short term disability benefits to CUPE members who are disabled from employment resulting from illness or injury. The Trust pays for health and dental benefits and NTPP pension payments for these individuals.

StrongStart

The Ministry of Education and Child Care funded StrongStart program allows parents to participate with their young children (aged birth to five) in play-based early learning activities, including story time, music, and art. This early learning drop-in program helps prepare children for success in kindergarten and is provided at no cost to the families. The school district currently has 13 StrongStart centres.

Staff Development

This grouping of funds consists of a variety of smaller grants to enhance teaching staff development. This includes the ART Starts grant, (resources for teachers and art leadership) and Decoda Literacy programs (resources, training to support community-based literacy and learning).

Mental Health in Schools

This fund is used to support the development of new/enhanced evidence-based inclusive mental health and well-being activities, either universal or targeted in support of students, families and/or educators. It also enables our district to design action plans to capture how funding is spent and what outcomes are achieved.

Federal Safe Return to Class Fund: K to 12 Restart

The Ministry of Education and Child Care administered one-time federal funding intended to support improved outdoor air intake and/or air cleaning to help reduce transmission of Covid-19. Funding is used to procure and deploy HEPA filtration units.

Provincial Safe Return to School Fund: K to 12 Restart

The Ministry of Education and Child Care administered one-time provincial funding intended to support incremental costs resulting from Covid-19. In general, funding to be used towards reusable masks/face shields, computer and assistive technology, cleaning supplies and cleaning frequency and improved hand hygiene.



Contacting Management

This financial report is designed to provide the school district’s stakeholders with a general but more detailed overview of the school district’s finances and to demonstrate increased accountability for the public funds received by the school district.

If you have questions about this financial report, please contact the Office of the Secretary–Treasurer/Chief Financial Officer at 604-939-9201.

You are encouraged to also review the Board’s strategic vision and plan [*Directions 2025*](#).

School District No. 43 (Coquitlam)

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