

Financial Statement Discussion and Analysis

2022 - 2023

September 2023



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Introduction

The following Financial Statement Discussion and Analysis should be read in conjunction with the audited financial statements for the year ended June 30, 2023.

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

District Overview

The Abbotsford School District is the eighth largest district in the province and has 47 schools that are attended by almost 20,000 full and part time students. The district operates 31 elementary schools, 6 middle schools, 2 combined middle-secondary school, and 6 secondary schools. The district employs over 2,200 full and part time teaching and support staff who are committed to helping students succeed. A variety of quality programs are offered to meet unique learning needs and engage students in stimulating and relevant educational experiences.

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

Land Acknowledgement

Éy swáyel.

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

Our Commitment

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



Strategic Plan

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

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

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



Progressive
Workforce

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



Engaging
Opportunities

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



Optimized
Resources

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



Student
Success

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

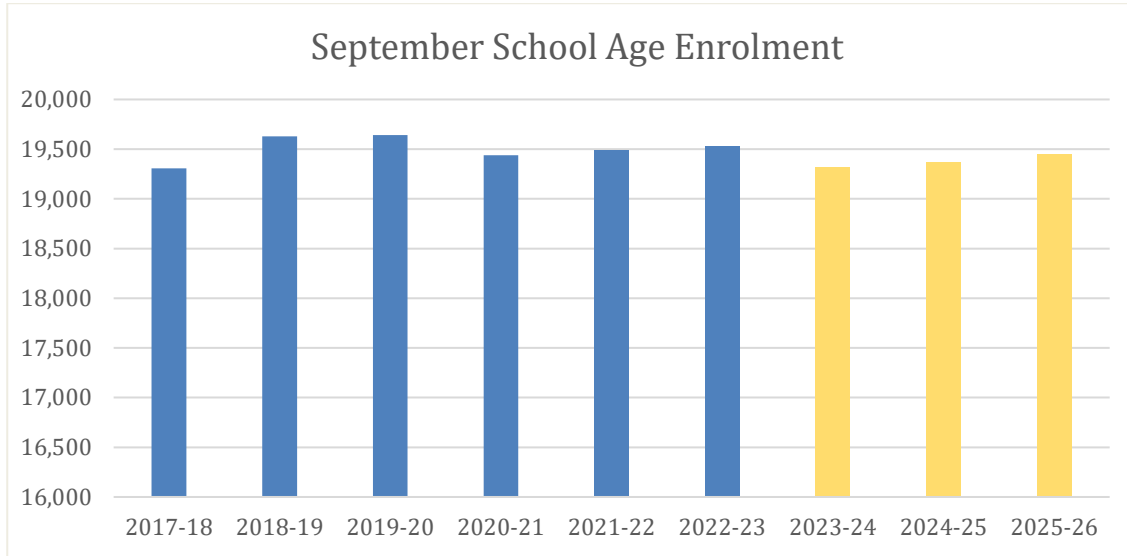
Accounting Policies

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

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

Financial Analysis

Enrolment



Student enrolment represents the key component for determining both the operating revenue and staffing costs in the school district. Enrolments have been relatively stable showing slight decrease in 2020-21 and 2021-22, primarily because of the COVID-19 pandemic. Enrolments are expected to rebounded in 2022-23 with slight growth expected for the next three years.

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

Provincial Totals

76% allocated through the Basic Allocation

Basic Allocation

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

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

16% allocated to recognize unique student enrolment

Unique Student

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

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

8% allocated to recognize unique district factors

Unique District

Additional funding to address uniqueness of district factors

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

0.2% allocated to buffer the effects of declining enrolment

Funding Protection / Enrolment Decline

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

Financial Reporting

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

- **OPERATING FUND:** The operating fund includes operating grants and other revenues used to fund day-to-day operations including instructional programs, school and district administration, facilities operations, maintenance, and transportation.
- **SPECIAL PURPOSE FUND:** Special purpose funds consist of targeted funding provided to the school district for a specific purpose. Pursuant to sections 156(4) and (5) of the *School Act*, each special purpose fund must be accounted for in accordance with the terms of that special purpose fund.
- **CAPITAL FUND:** Capital funds include capital expenditures related to equipment and facility purchases. The fund reports the financial activities for tangible capital assets as per Ministry accounting policy.

Statement of Financial Position

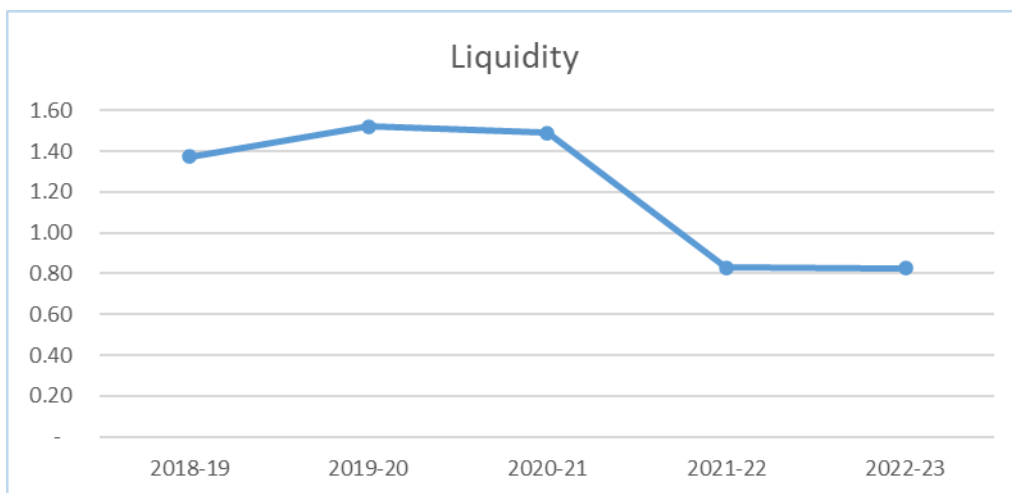
The Statement of Financial Position (balance sheet) presents the school district's financial assets and liabilities at the fiscal year end. It provides a comparative analysis of the district's net financial position for fiscal years ending June 30, 2022 and June 30, 2023 along with the year over year change.

	2022-23	2021-22	Change
Financial Assets			
Cash and Cash Equivalents	43,704,449	43,402,421	302,028
Accounts Receivable			
Due from Province - MECC	4,052,920	5,503,200	(1,450,280)
Due from First Nations	-	152,465	(152,465)
Other	1,644,451	2,482,544	(838,093)
Total Financial Assets	49,401,820	51,540,630	(2,138,810)
Liabilities			
Accounts Payable and Accrued Liabilities			
Other	7,863,345	9,454,933	(1,591,588)
Unearned Revenue	4,377,584	4,872,892	(495,308)
Deferred Revenue	2,768,531	2,822,231	(53,700)
Deferred Capital Revenue	182,213,793	171,556,114	10,657,679
Employee Future Benefits	9,981,927	9,821,982	159,945
Asset Retirement Obligation	25,040,849	25,040,849	-
Other Liabilities	9,763,129	10,075,274	(312,145)
Total Liabilities	242,009,158	233,644,275	8,364,883
Net Debt	(192,607,338)	(182,103,645)	(10,503,693)
Non-Financial Assets			
Tangible Capital Assets	235,860,862	224,011,478	11,849,384
Prepaid Expenses	2,241,978	2,193,188	48,790
Total Non-Financial Assets	238,102,840	226,204,666	11,898,174
Accumulated Surplus (Deficit)	45,495,502	44,101,021	1,394,481

- Cash increased by \$0.30 million primarily because of changes in accounts receivable, prepaid expenses and accounts payable at year end. Of the total cash balance \$27.89 million is held in the Ministry of Finance in the Provincial Central Deposit Program.
- Due from Province – Ministry of Education and Child Care increased by \$1.45 million due to the timing of drawing funds for capital purposes.
- Tangible capital assets increased by \$11.85 million because of current capital projects under construction in the district (the new Irene Kelleher Totí:ltawtxw and the Abbotsford Traditional School seismic upgrade).

Analysis of Financial Health

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



Net Debt or Net Financial Assets

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

Accumulated Amortization to Assets

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

Buildings	2018-19	2019-20	2020-21	2021-22	2022-23
Gross Assets	330,140,560	331,951,389	335,692,529	362,730,938	407,870,287
Accumulated Amortization	164,584,939	172,004,007	179,471,761	187,033,693	222,412,324
Ratio	0.50	0.52	0.53	0.52	0.55
Furniture, Equipment & Vehicles	2018-19	2019-20	2020-21	2021-22	2022-23
Gross Assets	11,921,756	11,673,840	12,020,291	12,378,553	12,856,305
Accumulated Amortization	6,127,609	5,848,045	6,212,487	6,888,147	6,483,553
Ratio	0.51	0.50	0.52	0.56	0.50
Computer Software/Hardware	2018-19	2019-20	2020-21	2021-22	2022-23
Gross Assets	4,706,383	4,441,579	5,510,944	5,976,685	3,895,973
Accumulated Amortization	2,189,387	2,687,897	2,817,503	2,879,504	1,671,218
Ratio	0.47	0.61	0.51	0.48	0.43
TOTAL	2018-19	2019-20	2020-21	2021-22	2022-23
Gross Assets	346,768,699	348,066,808	353,223,764	381,086,176	424,622,565
Accumulated Amortization	172,901,935	180,539,949	188,501,751	196,801,344	230,567,095
Ratio	0.50	0.52	0.53	0.52	0.54

Consolidated Statement of Operations

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

	2022-23	2022-23 Budget	Variance to Budget	2021-22	Variance to 2021-22
Revenues					
Provincial Grants					
Ministry of Education and Child Care	227,282,576	219,415,120	7,867,456	213,297,884	13,984,692
Other	638,077	605,398	32,679	768,406	(130,329)
Federal Grants	10,461	-	10,461	21,881	(11,420)
Tuition	5,424,639	5,305,790	118,849	4,338,679	1,085,960
Other Revenue	9,822,301	9,068,414	753,887	7,337,143	2,485,158
Rentals and Leases	486,602	310,000	176,602	330,574	156,028
Investment Income	945,640	768,000	177,640	393,552	552,088
Amortization of Deferred Capital Revenue	10,263,142	7,750,000	2,513,142	7,696,148	2,566,994
Total Revenue	254,873,438	243,222,722	11,650,716	234,184,267	20,689,171
Expenses					
Instruction	204,047,795	200,640,664	3,407,131	192,766,960	11,280,835
District Administration	8,315,966	6,781,178	1,534,788	6,727,881	1,588,085
Operations and Maintenance	34,581,507	32,134,757	2,446,750	31,059,928	3,521,579
Transportation and Housing	5,033,689	4,441,004	592,685	4,593,247	440,442
Flood Loss Costs	1,500,000		1,500,000		1,500,000
Total Expense	253,478,957	243,997,603	9,481,354	235,148,016	18,330,941
Surplus (Deficit) for the year	1,394,481	(774,881)	2,169,362	(963,749)	2,358,230

Ministry grants increased from budget primarily due to a one time Labour Settlement Funding grant and increased amortization of deferred capital revenue.

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

Other revenue increased by \$2.49 million from the prior year as school generated funds (special purpose fund and rental revenues (operating fund) have recovered since the COVID-19 pandemic.

Expenditure changes result from approved labour settlement increases applied after the approval of the 2022-23 amended budget bylaw. Overall expenditures in 2022-23 are 3.74% over the budget estimates.

The net surplus for the year of \$1.40 million is comprised of an operating deficit of \$0.30 million and a \$1.70 million capital surplus.

Consolidated Accumulated Surplus

	2022-23	2021-22
Accumulated Surplus		
Operating		
Restricted due to constraints on funds		
ACE-It	233,415	116,160
Skills exploration	112,490	62,544
Restricted for planned future operations		
School budget carry-overs	1,140,551	1,353,466
District support StrongStart	-	156,857
Around School Program	2,927	32,207
Restricted for future requirements		
Strategic plan initiatives	339,107	339,107
IT Infrastructure	600,000	600,000
Abbotsford Arts Centre	100,851	125,984
Support for equity initiatives	243,224	273,224
Other	-	82,515
Unrestricted	4,283,174	4,216,218
Total operating surplus	7,055,739	7,358,282
Capital		
Local capital surplus	3,673,670	3,337,552
Invested in tangible capital assets	34,766,093	33,405,187
Total capital surplus	38,439,763	36,742,739
Total Accumulated Surplus	45,495,502	44,101,021

Administrative Procedure 524 permits three categories of internally restricted surplus:

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

AP 524 also requires that an unrestricted operating surplus, or contingency reserve, of between 1 and 3 percent of operating expenditures should be maintained. At June 30, 2023 the unrestricted operating surplus of \$4.28 million is 2.0% of budgeted operating expenditures.

Operating Fund

Statement of Operating Operations

This statement of revenue and expenditures reflects the day-to-day operations of the district for the year. The following schedule compares the results for the period ending June 30, 2023 against the budget for the year and the results of the prior year.

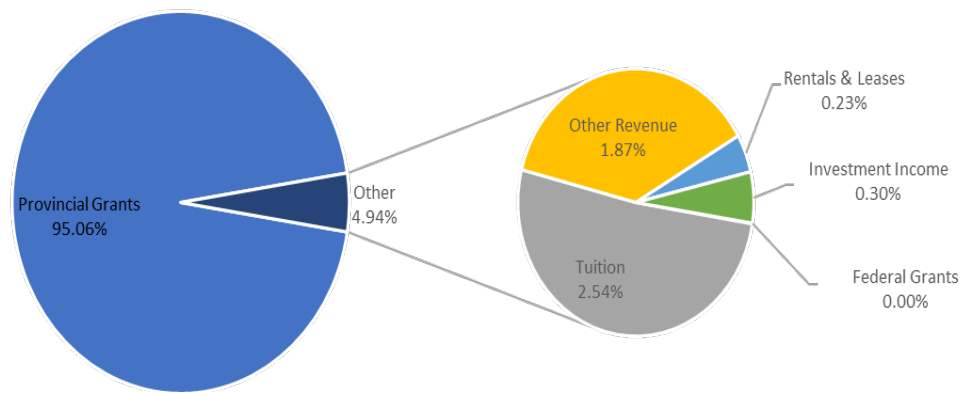
Operating Fund Budget	2022-23	2022-23 Budget	Variance to Budget	2021-22	Variance to 2021-22
REVENUE					
Provincial Grants, Ministry of Education and Child Care	202,766,883	195,342,692	7,424,191	192,669,040	10,097,843
Provincial Grants, Other	348,808	300,000	48,808	418,542	(69,734)
Federal Grants	10,461		10,461	21,881	(11,420)
Tuition	5,424,639	5,305,790	118,849	4,338,679	1,085,960
Other Revenue	3,986,141	2,979,208	1,006,933	3,047,067	939,074
Rentals & Leases	486,602	310,000	176,602	330,574	156,028
Investment Income	650,561	528,000	122,561	344,863	305,698
Total Revenue	213,674,095	204,765,690	8,908,405	201,170,646	12,503,449
EXPENSE					
Salaries					
Teachers	91,041,213	89,224,292	1,816,921	88,244,754	2,796,459
Principals & Vice-Principals	12,137,672	11,889,460	248,212	11,441,603	696,069
Education Assistants	19,193,210	17,807,066	1,386,144	17,157,183	2,036,027
Support Staff	16,705,287	16,027,738	677,549	15,149,361	1,555,926
Other Professionals	5,532,443	5,084,740	447,703	4,953,202	579,241
Substitutes	6,512,201	6,194,354	317,847	6,311,794	200,407
Total Salaries	151,122,026	146,227,650	4,894,376	143,257,897	7,864,129
Employee Benefits	37,463,656	37,054,955	408,701	35,969,344	1,494,312
Total Salaries & Benefits	188,585,682	183,282,605	5,303,077	179,227,241	9,358,441
Services & Supplies	24,072,069	21,148,698	2,923,371	22,188,474	1,883,595
Total Expense	212,657,751	204,431,303	8,226,448	201,415,715	11,242,036
Net Revenue (Expense)	1,016,344	334,387	681,957	(245,069)	1,261,413
Total Interfund Transfers	(1,318,887)	(1,252,757)	(66,130)	(306,039)	(1,012,848)
Surplus (Deficit) for Year	(302,543)	(918,370)	615,827	(551,108)	248,565

Revenue

In 2022-23, 95.06% of the revenue reported in the Operating Fund was received from the Ministry of Education and Child Care through operating grants. Operating grant revenues reflect the 2022-23 enrolments and includes funding for wage settlements. The remaining revenue is received through International student tuition fees, rentals and leases of district property, user fees and investment income.

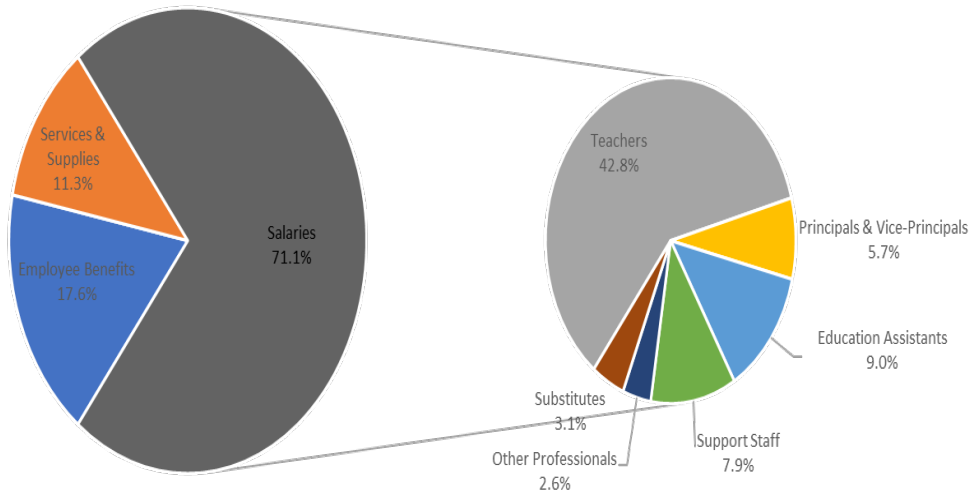
Tuition revenue for international student fees was on target with the 2022-23 budget expectations and was almost \$1.09 million higher than the previous year.

Revenue from rentals of facilities as well as investment income are higher than budget and have recovered to pre-pandemic levels.



Expenditures

Employee salaries and benefits account for over 88.68% of the operating expenses in the district, which is slightly more than the previous year of 87.49%.

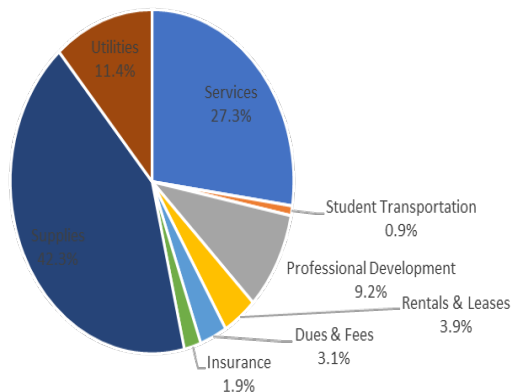


Generally, staffing levels are driven by enrolments whether they are teachers or support staff, so it is crucial to effectively plan and monitor student enrolment.

FULL TIME STAFFING	2022-23	2021-22	2020-21	2019-20	2018-19
Teachers	1,137	1,134	1,146	1,176	1,169
Principals/VP	85	84	85	87	87
Education Assistants	451	422	403	413	409
Support Staff	341	345	341	350	348
Other Professionals	48	46	44	42	40
Trustees	7	7	7	7	7

Total salaries have increased \$7.86 million from the previous year and are only higher than budget due to the application of approved labour settlement increases. Budget variances in supplies and services are a result of recovered operational spending as well as decreased departmental surpluses at year end.

Overall spending increased \$11.24 million from the prior year.



Accumulated Surplus (Operations)

The Board of Education values sound financial stewardship and takes responsibility for managing its financial resources. Accumulated surpluses and reserves are an important factor in determining the financial health of the school district. These resources are designed to help plan for future expenditures and protect the district from unforeseen financial and operating events or circumstances to avoid affecting services to students. An unrestricted operating surplus of between 2% and 3% of total operating expenditures is the optimal target established by the Board. In 2022-23, the unrestricted accumulated surplus is 2.0% of total revenue.

The district ended the 2022-23 year with an accumulated operating surplus of \$7,055,739 of which \$2,772,565 was internally restricted for specific purposes and \$4,283,174 is unrestricted.

Accumulated Surplus (Operations)	2022-23	2021-22
Internally Restricted due to constraints on funds	345,905	178,704
Internally restricted for planned future operations	1,143,478	1,542,530
Internally restricted for future requirements	1,283,182	1,420,830
Unrestricted operating surplus	4,283,174	4,216,218
Total Accumulated Operating Surplus	7,055,739	7,358,282



Special Purpose Funds

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

Fund	Current Year	Purpose
Annual Facility Grant	692,103	Planned maintenance of facilities.
Learning Improvement Fund	682,742	Supplementary funding for support staff to provide services to students.
School Funds	5,776,677	School funds includes fundraising for school purposes as well as funds that are collected and paid out through school accounts in support of school-based programs.
Strong Start	352,000	A free early learning program located in schools, created through agreement between the Ministry and school districts.
OLEP (French Language)	278,915	Federal funds to support our French immersion program.
Community LINK	1,271,041	Supports programs and services to improve educational outcomes of vulnerable students.
Classroom Enhancement Fund – Overhead	451,098	Funding to implement the Memorandum of Understanding regarding restoration of provisions in the Teacher’s Collective Agreement.
CEF – Staffing	13,802,285	
CEF – Remedy	1,135,675	
Student & Family Affordability	1,974,762	Funds to support students and families with food and supply needs
Early Care and Learning	175,000	To support early learning and family learning initiatives in Abbotsford
Provincial Resource Program (PRP)	220,650	Provides funding for the Abbotsford Adolescent Day Treatment Program.
Early Years Outreach	275,937	Program for families with children aged 0-6 to find necessary community supports.

Capital Fund

The net value of capital assets is \$235.86 million as at June 30, 2023 (see schedule 4A). These net costs represent the historical cost net of accumulated depreciation of all capital assets, they do not reflect current market value.

Specific balances in the Capital Fund are as follows:

Capital Funds	as at June 30, 2023	as at June 30, 2022	Description
Bylaw capital	-	-	Represents funds drawn on Certificate of Approval (COA) for capital projects.
Restricted capital	111,584	102,520	Represents the Ministry's portion of the proceeds on disposal of land and building and any bylaw capital surplus from capital projects.
Other Provincial capital	331,335	821,377	Capital funding received from MCFD for an onsite childcare centre at the new elementary school on Eagle Mountain.
Land capital	5,670,787	5,045,635	Funds received from the City of Abbotsford for School Site Acquisition Charges.
Other capital	40,209	15,173	Includes capital grants received from and restricted by any entity not included in the Government Reporting Entity.
Local capital	3,673,670	3,337,552	Funds generated by the school district to be utilized for capital expenditures as determined by the school district.

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

Local Capital	June 30, 2023	June 30, 2022
Centralized Program Service Centre	2,308,259	2,327,176
New School (Irene Kelleher)		736,531
IT – Wireless access point upgrade		-
District vehicles		129,514
Building projects	765,411	9,331
School/district equipment	600,000	135,000
Total Local Capital	3,673,670	3,337,552

Details of Local Capital:

- Centralized program service centre
 - The Board currently operates four administrative buildings throughout the City of Abbotsford and believes consolidation to one facility, at the existing school board office, would improve efficiency and reduce both operating and future capital costs. (the Curriculum, Information technology and Indigenous departments all operate out of separate facilities.) This is ranked as a high priority in the 2020 Long Range Facilities Plan.

- In addition to the local capital funds, this project will require the proceeds from the disposal of the other three sites in order to proceed.
- The amount set aside for this project has been reduced slightly to ensure adequate funds exist for other local capital priorities.
- As per project agreements, funds have been transferred to local capital for the additions at Auguston and Stenerson Elementary schools. \$265,411 remains for the new Irene Kelleher Toti:Itawtxw school.
- School/district equipment
 - This amount is to cover school equipment that is not part of an annual budget allocation.

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

Capital Program	22/ 23 Expenses	Description
Irene Kelleher Toti:Itawtxw	\$4,426,964	New school
Abbotsford Traditional School	9,078,224	Seismic upgrade
Auguston and Stenerson Additions	1,443,004	8 new classrooms in each school
Annual Facility Grant (AFG)	4,295,652	AFG funding is provided to address repair and maintenance priorities at schools to ensure facilities are safe and functioning well. The amount reported include the AFG amount report in the special purpose fund. Projects this year included roofing replacements, boiler upgrades and painting projects.
School Enhancement Program (SEP)	931,272	The School Enhancement Program is an application-based program to help school districts extend the life of their facilities through a wide range of improvement projects. Projects in 2022-23 included washroom improvements, building enclosures, flooring upgrades and HVAC upgrades and boiler replacement.
Carbon Neutral Capital Program (CNCP)	398,435	The CNCP program provides funding for energy-efficiency projects that lower carbon emissions in the district. Mechanical/HVAC upgrades were completed during the year.
Building Envelope	996,379	Building envelope work on Bluejay and Dave Kandal Elementary
Playground Equipment Program (PEP)	160,585	The district received funding to purchase and install replacement playground equipment that is universal in design, and in compliance with accessibility measures as defined through the Canadian Standards Association CAN/CSA-Z614-14 (R2019): Children's Playspaces and Equipment .
Flood Loss	1,500,000	The district received funds to compensate for losses due to the 2021 flood
Total	\$23,230,515	

Risks

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

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

Contingency

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



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